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THE UNIVERSITY OF JORDAN
SERIALS DIVISION

Austria	Sch24	Indonesia	Rp3100	Philippines	Peso40		
Bahrain	Din0.700	Iran	Rls210	Poland	Zl 8,000		
Belgium	BFr55	Israel	Shk5.50	Portugal	Esc150		
Cyprus	C£0.90	Italy	L2000	Qatar	QR9.00		
Denmark	DKr12.00	Jordan	Fils1000	S.Arabia	SR7.00		
Egypt	E£2.75	Kuwait	Fils.500	Singapore	S$4.10		
Finland	FM6.50	Lebanon	L£400.00	Spain	Pta165		
France	FFr7.80	Lux	LFr55	Sweden	SKr12		
Germany	DM2.60	Malaysia	M$4.25	Switz	SFr2.50		
Greece	Dr180	Morocco	Dh8.00	Thailand	Bht50		
Hong Kong	HK$12	Neth	Fl 3.25	Tunisia	Din0.800		
Hungary	Ft107	Nigeria	Naira10	Turkey	L1400		
Iceland	IKr160	Norway	NKr12.00	UAE	Dh7.00		
India	Rs15	Oman	OR1				

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Friday June 1 1990

D 8523A

US CHARITY
When generosity is not enough
Page 18

World News

S Korean leader to see Gorbachev in peace effort

South Korean President Roh Tae-woo will meet Soviet leader Mikhail Gorbachev next week in San Francisco for talks aimed at ending hostility on the divided Korean peninsula. The meeting will be the first by leaders of the two countries. Page 8

EC security role
William Taft, the US ambassador to Nato, endorsed a security role for the European Community, a subject of mounting discussion within the EC debate about political union. Page 3

Mir relief sent
The Soviet Union said it had launched an unmanned spacecraft to ferry equipment, food and drinking water to cosmonauts stranded since February in the Mir space station.

Dissidents vanish
Three Chinese dissidents disappeared after abruptly cancelling a news conference at which they had planned to make a public appeal for the release of political prisoners.

Israeli call to US
Israel's caretaker Likud Government stepped up its calls on the US to break off links with the Palestine Liberation Organisation following a seaborne attack by Palestinian guerrillas. Page 8

Japan mediates
Prince Norodom Sihanouk, the Cambodian resistance leader, arrives in Tokyo tomorrow for talks with Cambodia's Prime Minister Hun Sen. Page 8

Egypt gets budget
Egypt's parliament approved a crucial budget for the new financial year several weeks earlier than usual after the Supreme Court ruled parliament had been elected illegally and any legislation passed after June 1 would be invalid.

Pakistani violence
Gunmen killed 21 people at a bus stop in Karachi, taking the day's toll from ethnic violence in the city to 33.

Widespread quakes
A second big tremor, measuring 5.8 on the Richter scale, jolted parts of Bulgaria and Romania. A strong tremor shook Mexico City, but there was no serious damage. In northern Peru a major earthquake on Tuesday night killed at least 100 people. Page 3

Famine threat
The UN said food stocks were critically low in parts of Ethiopia, Sudan, Mozambique and Angola, threatening millions of people with starvation.

Pact to meet
The Soviet-led Warsaw Pact will hold a summit meeting in Moscow on June 7. The summit will bring together for the first time the new leaders from Moscow's six east European allies.

Faster French trains
France launched an ambitious FFr535m ($95m) five-year research programme into express trains capable of commercial speeds of 350kph. Page 3

Business Summary

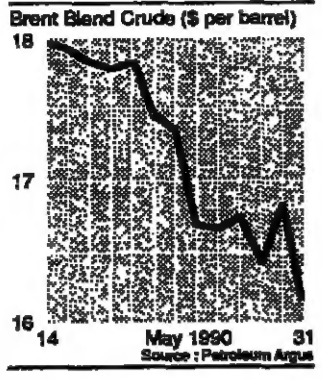
Bundesbank calls for tight budgetary discipline

West Germany's Bundesbank warned the Bonn Government, the regional states, and local authorities to exercise strict budgetary discipline in view of the cost of currency and economic union between the two Germanys.

The central bank sent this message to the German public sector the day after Mr Karl Otto Pöhl, its president, said the alternative to tightly controlled budgets would be higher interest rates. Page 20

OIL and refined product prices tumbled following yet another weekly rise in US stock levels. July futures for West Texas

Oil price
Brent Blend Crude ($ per barrel)



Source: Petroleum Argus

Intermediate Crude at the Nymex were off 60 cents in mid-day trading at $17.48. Brent Crude oil for July delivery was down 62.5 cents at $16.225 in European trading. Commodities, page 32

MARIO Schimberni resigned last night as special administrator of Ferrovie dello Stato, the Italian state railway utility.

FARM prices in Europe would slump by between 20 and 35 per cent if the EC agreed to US demands for ending farm subsidies, Mr Raymond MacSharry, EC Farm Commissioner said. Page 4

MITSUI & Co, Japanese trading house, unveiled a 9.7 per cent fall in worldwide net profits to Y36.41bn ($240.7m) for the year to March. Page 23

AUSTRALIA'S net external debt rose by 5.3 per cent to A$123.5bn ($94.3bn) in the March quarter. Page 8

NORWICH Union, UK mutual insurance company, is to pay £200m to Banco Bilbao Vizcaya for its 90 per cent holding in the Spanish insurance company Plus Ultra. Page 21

POLYMARK International, UK laundry equipment distributor, is to sell its French offshoot to its management in a leveraged buy-out. Page 22

ROYAL Bank of Canada, the country's biggest financial institution, lifted second-quarter earnings by 19 per cent. Page 24

GREEK Finance Minister, Mr Yiannis Palaiocrassas, proposed a record budget deficit for 1990. Page 2

FINMECCANICA, Italian holding group, and Asea Brown Boveri are deadlocked over whether to dissolve their joint venture, Ansaldo Componenti. Page 21

FT-Actuaries World Indices, starting today, will be shown daily in yen and D-Marks in addition to US dollars, sterling and the local currency for each constituent market. The exchange rates used in the calculations are compiled by the Financial Times.

Brussels tells France to overturn ban on British beef

By Tim Dickson in Brussels

THE European Commission yesterday called on France to overturn its ban on imports of British beef which it imposed on Wednesday in response to fears over "mad cow disease," the nervous disorder which has killed thousands of cattle.

It said France should revoke its ban immediately "in the absence of convincing arguments for this action."

In a statement issued by Mr Raymond MacSharry, EC Farm Commissioner, Brussels said it was satisfied that the measures it had taken to deal with the disease "provide the fullest guarantees as regards consumption of beef." The commmission expressed "regret" at the decision of the French authorities, which had been "taken without full consultation."

However, there were some calls for the ban to be extended. Mr Elio di Rupo, a Belgian Euro MP, last night called on his Government to follow Paris in banning British beef imports. Support for the French action also came from Mr Ken Collins, the British Labour chairman of the European Parliament's consumer committee.

The Commission said it had "taken all necessary measures to safeguard health" in connection with the nervous disorder bovine spongiform encephalopathy (BSE). EC veterinary experts were satisfied that the measures "provide the fullest guarantees as regards consumption of beef," the statement said.

In Britain last night, veterinary experts from the French Agriculture Ministry and the Commission were due to meet Mr Keith Meldrum, the UK's chief veterinary officer, but British officials said they had little reason to expect a climb down.

The visiting veterinary officials had been asked "to establish with their British colleagues and the services of the Commission the detailed state of the difficulties" caused by BSE.

Britain's farmers said yesterday they would be pressing the UK Government to seek damages against the French Government if losses were incurred because of the ban.

Sir Simon Gourlay, president of Britain's National Farmers Union, warned that a continued French ban could result in "major economic damage to the whole cattle industry."

Until now, the EC has broadly maintained a united front in response to BSE, with action confined in most member states to a ban on live animals over six months.

Only West Germany had gone further, demanding that bones be removed from imports of British beef, but these restrictions have had little effect on the market.

UK reaction, Page 11; Editorial Comment, Page 18

Bush offers US support for Gorbachev reforms

By Peter Riddell and Robert Mauthner in Washington

PRESIDENT George Bush yesterday opened the four-day US-Soviet summit on the future of Europe and arms control, with an expression of strong US support for President Mikhail Gorbachev and his economic reform programme.

During the official welcoming ceremony on the south lawn of the White House, Mr Bush stressed his view that, whatever the domestic opposition to Mr Gorbachev's policies, the US regards him as still fully in charge and supports his approach.

Mr Bush said Mr Gorbachev "deserves great credit" for his part in the changes in Europe over the past year – words that were clearly welcomed by the politically beleaguered Soviet leader.

Noting the "spirited debate" among the Soviet parliament, press and people and the "difficult economic reforms necessary to breathe new vigour into the Soviet economy," Mr Bush said the US wanted perestroika to succeed and believed there was "no turning back" from the path chosen by Mr Gorbachev.

As the talks began there were signs that both sides were anxious to narrow their differences over the future of Germany. However, in his public statements, Mr Gorbachev stuck to his opposition to a unified Germany being a full member of Nato. He has accused the west of failing to match the changes in eastern Europe with new thinking on the role of the Nato military alliance.

At yesterday's arrival ceremony, President Gorbachev underlined Soviet sensitivities over Germany by recalling the 45th anniversary celebrations of the victory over Nazism. These concerns are understood in Washington. Mr Brent Scowcroft, the President's National Security Adviser, pointed out that "a real problem for Mr Gorbachev is that a unified Germany (inside Nato) is sort of a humiliation; after all Nato was an organisation that for the Russians was designed to attack the Soviet Union. That's wrong but that's their image of us."

Mr James Baker, US Secretary of State, said that, while there would be considerable discussion both about Germany and Lithuania, he did not expect either issue to be resolved at the summit. In particular, he said the German question affected "a whole lot of other countries" and could therefore not be solved by the US and the Soviet Union alone.

Mr Vitaly Churkin, a Soviet
Continued on Page 20
Yeltsin hopes to end feud with Gorbachev, Page 3; Summit reports, Page 7; Action on payments delay, Page 20


US President George Bush (right) and Soviet President Mikhail Gorbachev stand to attention during a 21-gun salute at the opening ceremony of the superpower summit in Washington

Insurers in bid battle over East German market

By Katharine Campbell in Frankfurt

THE prospect of the first competitive bid between western companies for an East German concern emerged yesterday with the announcement of a challenge to a bid by Allianz, Europe's biggest insurer, to gain a hold on the embryonic East German market.

Colonia, West Germany's second largest insurer, said a five company West German consortium, of which it was part, would try to stop the "monopolistic" attempt by Allianz to take a 49 per cent stake in Staatliche Versicherung der DDR, the East German state insurance company.

West German insurers are keen to tap the East German market, which is presently undeveloped, and believe the best way to get access to clients is by having control over a large proportion of the state company's 13,000-strong workforce.

In a letter sent to Mr Lothar de Maizière, the East German Prime Minister on May 22, the five insurers have asked for talks with the authorities about an alternative solution for the future of the state's monopoly insurance operation.

"We didn't want just to stand by and watch the Allianz initiative," said Mr Dieter Wendelstadt, chief executive of Colonia.

Colonia said yesterday it had indications that East Berlin might reconsider the "premature" decision made by the previous regime in March, when Allianz signed a letter of intent to take the stake in what will be called Deutsche Versicherungs as soon as legal conditions permitted.

The consortium does not want to acquire a stake, but explore other routes, such as a regional sharing. Allianz was yesterday adamant that its proposal was the solution favoured not only by the state company but also by the East German Finance Minister and the ministerial council.

Allianz said the delay in taking up the stake was entirely technical. It said there was no price on the offer as accountants had not finished preparing an opening balance.

Allianz unleashed a chorus of protest from leading West German insurers when it established an apparently unassailable lead into the potentially lucrative market by signing up with the state entity.

The move also drew fierce criticism from the West German anti-trust authorities and prompted Mr Helmut Haussmann, the Economics Minister, to ask the East German Justice Minister to block the bid.

Allianz claims anti-trust worries have now been assuaged. All insurers will receive licences to operate across the border simultaneously, so that it gains no timing advantage. Also, it says, it has agreed East German citizens can cancel existing contracts and take business elsewhere.

Colonia said the current consortium included Nordstern, Gothaer Versicherung and Württembergische Feuerversicherung. Separately, Colonia yesterday said it had become the first West German insurance company to enter the Soviet market, David Goodhart writes from Bonn.

The group said it had signed a deal in April with several Soviet partners to form the Rossija insurance group, which will specialise in industrial insurance.

Industrial nations set deadline to save Uruguay trade round

By Peter Norman and Peter Montagnon in Paris

THE WORLD'S leading industrial nations have given themselves until July to save the Uruguay Round of multilateral trade negotiations from collapse.

The communiqué issued after the two-day meeting of ministers from the 24-nation Organisation for Economic Co-operation and Development (OECD) exposed serious differences between the European Community and a group of agricultural exporting countries headed by the US.

But in their statement, the ministers stressed that "the successful outcome of the Uruguay Round has the highest priority in the international economic agenda." Using unusually stark language, they warned that "a failure would have a range of negative consequences for the trading system, the global economy, and international economic co-operation."

The communiqué set out in detail the differences over reducing agricultural support that emerged between the US, Canada, New Zealand and Australia on the one hand and the EC on the other.

Without mentioning countries by name, it made clear that the US-led group had insisted that the trade negotiations should seek specific policy commitments on cutting internal support for agriculture, reducing barriers to farm imports and phasing out export subsidies. The less specific EC position to seek reductions in farm support and protection, while omitting any reference to cutting export subsidies, was also reproduced in the document.

The communiqué said the ministers expressed "their determination and commitment to make every effort to overcome the differences." They pledged to develop "an appropriate framework" for reforming agricultural policy and permitting greater liberalisation of trade by the late July meeting of the Trade Negotiation Committee of the Uruguay Round.

This deadline means that agriculture is almost certain to be discussed by the leaders of the Group of Seven leading industrial countries at their annual economic summit in Houston early next month.

After yesterday's meeting, several delegations made clear that they saw some benefits from the open split among the OECD countries over farm policy. "We could have found language to fudge our views," Mr Gareth Evans, the Australian Foreign Minister said.

"But it may be appropriate to have an element of crisis injected into the Gatt round." Mr Evans said that one outcome of the OECD meeting would be a "very hard evaluation" of what is possible to achieve. "From now to July won't be occupied by drift," Mr Evans said.

As the divisions in the meeting became apparent, more and more ministers stressed the potentially disastrous effects of a collapse of the trade talks. "The price of failure could be to jeopardise the whole multilateral trade system altogether," said Mr Francis
Continued on Page 20
Details, Page 4

April, 1990

CIGA HOTELS

has sold the

Hotel Cristallo
Cortina d'Ampezzo

to

Immobiliare Silvestre S.r.l.

The undersigned acted as financial adviser to Ciga Hotels S.p.A. in this transaction

Nomura International


Weekend FT
Tomorrow: John Wyles reports from football's front line on the opening of the World Cup
A civilised weekend break in Boston

CONTENTS

Prague ponders the future of the secret police

Czech President Vaclav Havel has declared the issue of what to do with the secret police closed until after the election, but some fear the nightmare of the past will be inescapable
Page 2

MARKETS

STERLING
New York lunchtime: $1.68
London: $1.677 (1.692)
DM2.85 (2.845)
FFr9.61 (9.5925)
SFr2.4025 (2.4025)
Y256.3 (255.0)
£ index 89.0 (89.4)

GOLD
New York: Comex Jun $364.3
London: $363.75 (366.5)

N SEA OIL (Argus)
Brent 15-day
$16.225 (16.85)

Chief price changes yesterday: Page 21

DOLLAR
New York lunchtime:
DM1.6555
FFr5.7205
SFr1.43
Y152.15
London:
DM1.699 (1.6815)
FFr5.73 (5.67)
SFr1.4325 (1.4205)
Y152.60 (151.3)
$ index 67.8 (67.3)
Tokyo close: 151.75

US lunchtime rates
Fed Funds 8⅛%
3-mo Treasury Bills: yield: 7.994%
Long Bond: 101⅓₂
yield: 8.597%

STOCK INDICES
FT-SE 100: 2,345.1 (−1.1)
FT Ordinary: 1,855.0 (−2.4)
FT-A All-Share: 1,154.24 (same)
New York lunchtime:
DJ Ind. Av. 2,886.15 (+7.59)
S&P Comp 361.59 (+0.73)
Tokyo: Nikkei 33,130.80 (+204.54)

LONDON MONEY
3-month interbank: closing 15⅜ (15⅜)
Liffe long gilt future: Jun 82⅓₂ (82⅜₂)

Finance minister promises stricter spending curbs for next year

Record deficit in Greece's budget

By Kerin Hope in Athens

THE Greek Finance Minister, Mr Yiannis Palaiocrassas, yesterday proposed a record budget deficit for 1990 but gave assurances that the Conservative Government would apply stricter spending curbs next year.

The budget, delivered to parliament six months later than usual because an earlier coalition government declined to draw up a medium-term economic policy, forecasts a Dr2.07 trillion (£7.63bn) deficit, a 15.5 per cent increase from last year's Dr1.78 trillion.

"This is a transitional budget: this Government's policy will only become clear in the 1991 budget. But it does convey a message of retrenchment and prudence," Mr Palaiocrassas said.

Projected revenues are to rise this year by 39.9 per cent to Dr3.46 trillion, while spending is to increase by 29.8 per cent to Dr5.53 trillion. As a result the public sector borrowing requirement is expected to drop to 17.6 per cent of GNP from a record 20 per cent in 1989.

As efforts begin to take effect to shrink the deficit – through streamlining the welfare system, broadening the tax base and reducing overstaffing in the civil service – the PSBR is forecast to decline to 10 per cent of GNP by the end of 1992, according to Mr Palaiocrassas.

The Finance Ministry said growth this year would decline to 1.8 per cent from 2.3 per cent in 1989, while inflation was expected to reach 23 per cent, four times the European Community average.

The sharp rise in revenues is attributed to a recent VAT increase of 2 percentage points and new legislation introduced to discourage tax evasion after tax income fell 10.6 per cent short of budget estimates last year.

Defence spending is to rise by 7.8 per cent, a much smaller increase than usual. The Government yesterday said it would seek better financing terms and offset benefits by renegotiating contracts signed by the former Socialist administration to buy 60 US-made F16-C and 40 French-made Mirage 2000 combat aircraft.

However, the cost of servicing the public debt, which last year totalled 105 per cent of GDP, will soar by 66 per cent to Dr1.56 trillion.

Italy's bank chief warns on pay demands

By John Wyles in Rome

ITALY'S Government and private employers were urged yesterday by the central bank governor, Mr Carlo Azeglio Ciampi, to resist current union pay demands, warning that they would reverse the decline in inflation.

Stressing the need to link pay increases more closely with productivity growth, he said that conceding pay claims currently under negotiation in the public and private sectors would be incompatible with achieving a fall in inflation from 5.7 per cent now to an annual rate of 5 per cent by the end of the year.

Mr Ciampi's 11th annual address to the Bank of Italy's annual meeting repeated many previous exhortations on the need to bring the public deficit under control, improve public services and raise the quality of public administration.

But he underlined the urgency of these problems by arguing that Italy's failure to do this would affect its capacity to participate fully and compete effectively in an EC moving closer to economic and monetary union.

Mr Ciampi urged that the "limits and practices" of the Treasury's ability to satisfy some of its funding requirements by drawing on the central bank should be reconsidered. Reforms in this area would have a bearing on the banking system's obligatory reserve requirements, which have served to offset the impact on the money supply of the Treasury's action.

He stressed the perils of a situation where the average term on government bonds and notes had fallen to 2½ years, given that the Treasury now needed to issue debt every year equivalent to 50 per cent of gross domestic product. However, he said it was now more possible to contemplate issuing long-term fixed rate bonds, and he welcomed the success this week of a seven-year fixed rate issue – the first for more than 15 years with a maturity above five years.

US, Japan invest more in Europe

By Charles Batchelor

US AND Japanese financial groups were enthusiastic investors in European venture capital companies in 1989, according to the latest annual report of the European Venture Capital Association.

American and Japanese groups provided nearly a quarter of the new funds raised by European venture capitalists, apparently with the aim of establishing a position for themselves before the creation of the single European market in 1992. In 1988 non-European investors provided just 9 per cent of all new funds.

Total fund-raising by European venture capitalists amounted to a record-breaking Ecu5.8bn (£4.2bn), 67 per cent up on 1988. Venture capitalists in Britain and France, already Europe's two largest venture capital markets, raised the largest sums, Ecu3.2bn and Ecu1.6bn respectively.

Investment activity also increased, though at Ecu4.3bn, a rise of 24 per cent on 1988, it failed to keep up with the rate of new fund-raising.

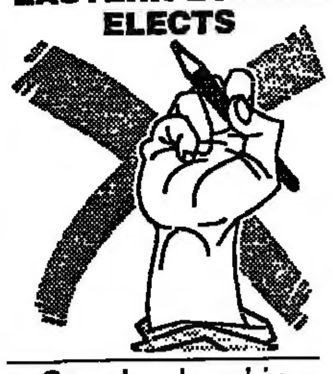
Start-ups accounted for 18.6 per cent of all investments by number; buy-outs and buy-ins accounted for 20.2 per cent.

The consumer sector accounted for 31 per cent of all new investments by value.

Czechs pioneer a new way to privatise an entire economy

By John Lloyd in Prague

EASTERN EUROPE ELECTS



Czechoslovakia

MR DUSAN TRISKA bears a heavy load. He is seeking to convince the Czechoslovak Government to entrust perhaps the most important part of its economic reform programme to a scheme he has devised which no other country has adopted.

"I got bad news yesterday," says Mr Triska cheerfully. "I asked a friend, an economist with contacts everywhere, to check out the scheme. He sent me a fax saying: No, no one has done it anywhere."

His scheme is designed to do nothing less than privatise the Czechoslovak economy, the most thoroughly nationalised of any of the former communist states.

Mr Triska, a slightly hippie figure with long, curly hair and clogs, wants to effect this by issuing vouchers to all citizens. At the same time, the state-owned enterprises would be transformed into shareholding companies. Once that had been done, the vouchers could be used to purchase a proportion of their shares.

Czechoslovakia would thus become, very rapidly, a nation of shareholders. A rough guide to the companies' worth would be developed through the demand for shares in company X and lack of demand for shares in company Y. A stock market would then develop to provide a medium through which the shares could be traded.

Mr Triska currently has the power to follow his ideas through. Brought into the Finance Ministry in January as senior adviser by his friend, Mr Vaclav Klaus, the Finance Minister, he has since been appointed director of the Office of Management of State Assets, a new privatising division within the ministry. But his voucher concept has yet to be accepted by other ministers, who are sceptical.

The former leader of the economic team, Dr Valtr Komarek, has been moved sideways in favour of Mr Vaclav Vales, a former Industry Minister in the government of Mr Alexander Dubcek in 1968 and a fellow prisoner of Mr Vaclav Havel, now state President.

Though he has given radicals like Mr Klaus a freer rein than did Dr Komarek, Mr Vales remains a pragmatist who would need convincing of Mr Triska's notion.

Similarly cautious, left-inclined economists and ministers occupy posts in the federal ministries.

These veterans of 1968 form a group usually less keen on the neo-liberalism which Mr Klaus has injected into the Finance Ministry and which Mr Vladimr Dlouhy, a Deputy Prime Minister, is seeking to bring into the area of planning.

"These people are politically important, because they have suffered," says Mr Triska, a student in 1968 and thus a dissident of a younger generation. "But I think we are gaining ground. The IMF and the World Bank have not rejected the plan, anyway."

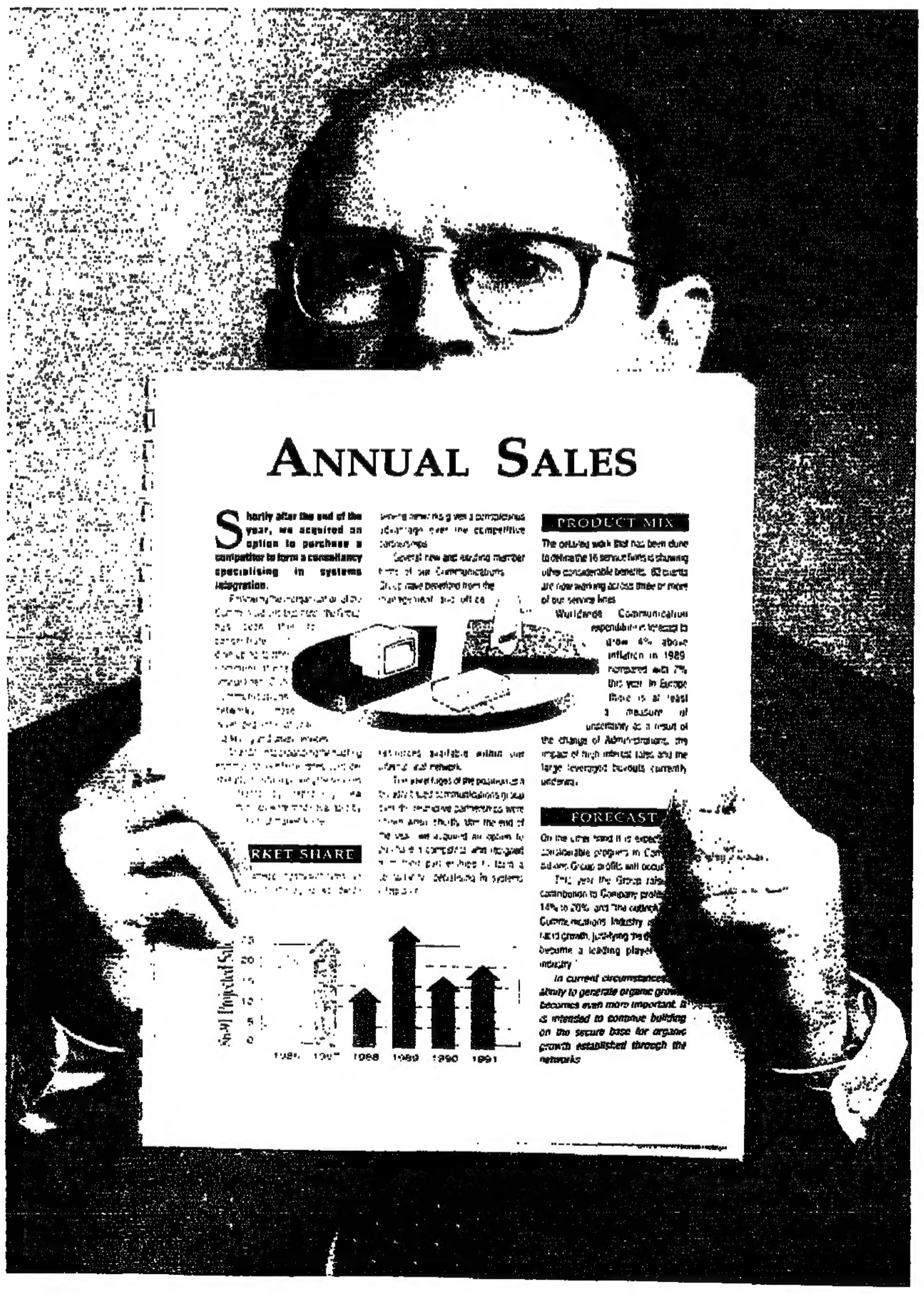
One of his main imperatives for radicalism is the scale of the task.

"If we tried to use a standard method of privatisation, it would take hundreds of years. To get the companies into good shape before coming to the market, like the British, would mean a consulting agency for each one. It would work for two or three years and cost millions."

Hence the need for inventiveness. It all goes well – and there are elections on June 8, though most observers expect the economics team to remain intact thereafter – the enterprises should be transformed into joint stock companies with, initially, the state as a single shareholder which would have the right to appoint 50 per cent of the members of the new boards.

"The main task then will be the financial and organisational re-structuring of the enterprises – cleaning up their balance sheets, looking at their debt." The Transformation Law, which will provide the framework for the process, is now being written in Mr Triska's department.

How I pleased my boss by upsetting him.



The Hewlett-Packard guide to quality output. HP LaserJet III.

It was the first important presentation I'd been involved in.

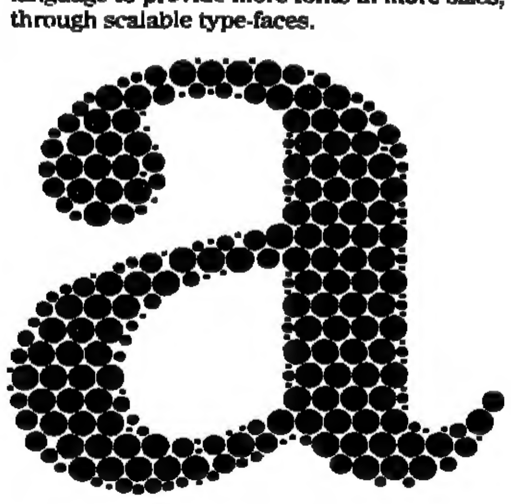
We'd all worked hard on the facts and figures. Now we had to make them look good. That was the job of our new Hewlett-Packard LaserJet III printer.

HP LaserJet III uses something called Resolution Enhancement Technology. It produces extremely even letters, by using very dissimilar dots.

HP LaserJet III creates tiny dots to fill in the spaces along a curve and make a smooth, unbroken line.

It uses large dots with smaller ones to make blacker, stronger letters.

HP LaserJet III also uses HP's PCL5 printer language to provide more fonts in more sizes, through scalable type-faces.



The result is text and graphics that are clearer than ever before.

Later that day my boss asked to see the final presentation document. He wasn't pleased.

"This is ridiculous!" he shouted. "How can we advise our clients how to spend their money when we throw it away like this!"

My reply was firm and calm.

"P-p-pardon?"

"Why are we typesetting our documents? This must have cost a fortune!"

"But it didn't."

I told him about RET. Then he looked pleased.

"I like the bit about the big dots and the little dots," he said.

"The little dots are obviously good at their job..."

For full details contact Hewlett-Packard Marcom Operations Europe, PO Box 529, 1180 AM, Amstelveen, The Netherlands.

HEWLETT PACKARD

THE POSSIBILITY MADE REALITY.

Prague ponders the role of secret police

By John Lloyd in Prague

THE CZECHOSLOVAK secret police, once as numerous and as intrusive as any in the former Communist states, continue to prove troublesome to the democracy they helped to hold at bay for so long. One of the main problems is: What to do with them?

Mr Milan Horalek, the deputy Labour Minister, has to wrestle with the problem. A reformist during the 1968 Prague Spring, Mr Horalek spent 20 years in the political wilderness, his own activities monitored. "I know very well how cruel it is to lose a job," he says. "We are not repeating these crimes."

He presently has some 8,500 secret policemen for whom he must find work – to which total he adds 17,500 former Communist Party functionaries, 20,000 criminals released under President Vaclav Havel's New Year amnesty and, soon, 40,000 former army officers. He has directed some to training courses in more pacific employment. Others who had manual jobs have been found equivalents ("obviously I don't mean that those who were burglars become civilian burglars"), while those trained in the law (and how to break it) are being sent to enterprises to learn how to write contracts – the fate of the more fortunate victims of the 1968 counter-revolution.

The private sector should be a prime job market but he sees problems. "We do not want them setting up businesses with beautiful names which are then used as covers for other activities which might destabilise the Government. All over eastern Europe there are groups of former secret police. Some will learn democratic ways but some may not. I cannot allow them to use their economic power against the state."

Mr Horalek and fellow members of the new Civic Forum-dominated government are also concerned that the former secret policemen and Communist officials do not use ill-gotten money. Preliminary calculations point to Communist property being worth several billions of crowns.

The sheer scale of secret police activities, and the volumes of data they amassed on hundreds of thousands of Czechoslovak citizens through networks of informers, continues to run like an incurable sore through the country's politics.

Over the past six weeks, Mr Richard Sacher, the Peoples Party leader and Minister of the Interior, has been sharply criticised for tardiness in sacking secret police chiefs. He has so far received the resignations of 23 senior intelligence officers, but last month, Mr Ladislav Lis, head of the Parliament's Defence and Security Commission and a Civic Forum member, said it should have been between 1,000 and 1,500.

Mr Sacher was accused of ordering investigations into the files held on members of parliament (he has denied the charge); and Mr Jozef Bartonchik, a fellow leader of the Peoples Party, was alleged by the Austrian magazine Profil to have been an informer.

The allegations – which have been strongly denied – were given added weight because the Peoples Party was one of the "satellite" parties permitted to exist under Communist rule – and was thus open to secret police penetration and collaboration.

Earlier this month, Mr Vlado Prikaszky, himself a former dissident and journalist and recently named head of the government office of press and information, resigned amid rumours that he did so to avoid being exposed as an informer. The Peoples Party, which has borne the brunt of the allegations, has counter-attacked strongly.

The row was covered over when President Havel declared the issue closed until after the election – and when Mr Jiri Ruml, a dissident journalist with impeccable credentials, was appointed deputy Interior Minister charged with surveillance of the intelligence services. He has told associates that he means to clean it out root and branch, and replace it with a small organisation dedicated to the protection of senior government ministers and the gathering of a minimum amount of foreign and domestic intelligence.

But last week, Mr Jan Urban, secretary general of Civic Forum, said that he had been told by good sources that the secret police would continue to spread rumours and revelations on candidates during the election campaign, now in its final leg. Mr Urban also sees a "secret police international" throughout eastern Europe, with sufficient will to be vengeful and enough information to sink many individuals now running for, or in, office. The arm of the Communists' intelligence services remains long, and some in Czechoslovakia's new ruling class believe that the secret policemen will ensure that, for many, the past is a nightmare from which they cannot escape.

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Polish moves 'tougher than IMF demanded'

By Christopher Bobinski in Warsaw

POLAND HAS pursued tougher monetary policies than were required by an International Monetary Fund stand-by programme during the first quarter of this year, according to a top government adviser.

Poland's national income could therefore fall this year by 15 per cent, compared with a previously forecast 5 per cent downturn, Mr Stanislaw Gomulka of the London School of Economics said yesterday.

Mr Gomulka, an important figure in preparing Poland's economic plans last autumn and during subsequent talks with the IMF, told a Finance Ministry conference yesterday that "monetary and tax policies in the first quarter were more restrictive than required by the Government's own programme."

Nevertheless Mr Gomulka forecast that Poland's economy would reach an annual growth rate of around 7 per cent from 1992 which would run through to the end of the century.

However, the Government continues to warn against the dangers of easing monetary policy and Mr Marek Dabrowski, a deputy Finance Minister, told the conference: "Any loosening of the screws wouldn't necessarily lead to a growth in production but would give a rise in inflation."

In May prices rose by 4 per cent on the previous month compared to 8 per cent in April and 78 per cent in January.

Nevertheless, according to Mr Gomulka, the IMF guidelines foresaw a 34 per cent drop in the real value of money supply (M3) during the first three months, while a much higher than expected inflation rate saw its value plummet by 51 per cent. Inflation during the first quarter averaged 133 per cent over the three months, against a target of 75 per cent.

At the same time tough budget policies saw a Zl 5.2bn surplus in the first quarter compared with a Zl 4bn deficit set as an upper limit by the IMF.

Poland's hard currency reserves grew by $1.7bn (£1bn) while the IMF had been ready to tolerate a $290m fall in hard currency holdings.

The upper limit on total wages in the state sector of Zl 5.19bn was also not reached, with only Zl 4.64bn being spent in the first three months.

Mr Gomulka blames the overrun on the National Bank's high real interest rates in February and the Finance Ministry's budgetary policies.

Poland revalues, Page 4

Yeltsin hopes to end feud with Gorbachev

By Leyla Boulton in Moscow

MR Boris Yeltsin, the new Russian president, said yesterday that he expected to patch up his tattered relationship with Mr Mikhail Gorbachev when the Soviet leader returns from his US summit.

"I think that a meeting will take place and that we will resolve most issues," he told deputies in the Russian parliament. "True we have our differences," Tass quoted Mr Yeltsin as saying. "I renounce all these personal aspects fully and completely. I leave that behind."

Mr Yeltsin, who was elected to lead the Soviet Union's largest republic in spite of intense Kremlin lobbying against him, has said he wants a business-like relationship with the Soviet leader.

However, Mr Yeltsin also lost no time on Wednesday, his first day in power, in calling for the resignation of the Soviet Government. The former Moscow Communist Party boss has also worried the Kremlin with his campaign for a genuinely "sovereign" Russia, freed from subsidising the other Soviet republics.

Speaking to reporters in Canada on Tuesday, Mr Gorbachev warned of difficult times ahead if his former protégé was playing a "political game". Yesterday, a senior official in Moscow described Mr Yeltsin's plan for a separate Russian currency as "uneducated stupidity".

While appearing conciliatory yesterday, Mr Yeltsin also issued an oblique call for Mr Gorbachev, who is both Soviet head of state and Communist Party secretary general, to give up one of his posts. "I am against combining any posts in one person. And I am talking not just about the chairmanship of the party at the Russian level, at the regional level, or at the local level."

Mr Yeltsin has called for a reconciliation of Russia's 28 parliamentary factions and has set up a broad commission to nominate candidates for the top republican posts. But at least one deputy has already accused him of overstepping his authority by making controversial statements at news conferences and of influencing the nomination process.

Separately, Mr Vytautas Landsbergis, President of the breakaway republic of Lithuania, expressed enthusiasm yesterday about Mr Yeltsin's election, saying it could help inspire a change of heart among the Soviet leadership towards Lithuania.

On his first day in office on Wednesday, Mr Yeltsin held a meeting with Lithuanian representatives and the two sides decided to start direct contacts between Lithuania and the new Russian leadership.

● Mr Nikolai Ryzhkov, the Soviet Prime Minister, was slightly injured in a car crash, Tass disclosed yesterday.

US envoy to Nato supports security role for Community

By David Buchan in Brussels

A SENIOR US official yesterday endorsed a security role for the European Community, a subject of mounting discussion within the EC debate about political union.

Mr William Taft, the US ambassador to Nato and former Deputy Defence Secretary, said his Government agreed that the EC should "enter the security arena" in order to complement and reinforce the roles of the 16-nation Nato alliance and the 35-state Conference on Security and Co-operation in Europe (CSCE).

Speaking to the Centre of European Policy Studies (CEPS), the US envoy reflected the strong Bush administration line in favour of EC integration by saying: "Europe would make a very effective contribution to defence policy, as a political union".

However, he said Washington had no prescription to offer the EC as to precisely how it might develop a security role. Indeed, he noted how US pressure in the early 1950s for creation of a European Defence Community had backfired.

He also cautioned that Europeans probably had a long way to go before they came to share "a national, continental perspective" on security, as Americans did. Competing economic interests among EC countries, as among American states, were easily accommodated within a single market. "But this very diversity also encourages some tendencies that actually work against a sense of common destiny in political and security affairs", he warned.

Calling for closer co-operation between Nato and the EC, Mr Taft predicted that, for all the Community's fast-developing links with the east, Nato "would become one of the places where east European nations, including the Soviet Union, would come to discuss security issues". This was already beginning to happen, with the foreign ministers of the Soviet Union, Poland and Czechoslovakia having visited Nato headquarters recently. The new Hungarian Foreign Minister would do the same next month, he announced.

● The Warsaw Pact will hold a summit meeting in Moscow next Thursday, the East German Foreign Ministry said yesterday, Reuter reports from East Berlin.

The summit will bring together for the first time the new leaders from Moscow's six east European allies: East Germany, Bulgaria, Czechoslovakia, Hungary, Poland and Romania.

Leaders from the seven-member military alliance are expected to discuss this week's superpower summit in Washington.

Taft: no prescription

Soviet plans to triple bread prices 'will obstruct initiative among farmers'

By Anatole Kaletsky in Moscow

THE Soviet Government's controversial plans to triple bread and wheat prices are unnecessary and counterproductive, since wheat production is already hugely profitable for most of the country's state and collective farms.

This view was expressed yesterday by Academician Vladimir Tikhonov, the leading Soviet proponent of market-oriented agricultural reforms, at the Financial Times conference on Finance, Investment and Trade in the Soviet Union.

Mr Tikhonov added that price reforms were being undertaken for political reasons, to protect the present inefficient structure of Soviet agriculture and obstruct private initiative among farmers.

State and collective farms would make profits of 150 to 180 per cent on their wheat after the price increases, while livestock production would become increasingly unprofitable. This would only aggravate the imbalance between wheat and feedgrain production, which was the fundamental reason why the Soviet Union was unable to achieve food self-sufficiency, he said.

FT

CONFERENCE

FINANCE, INVESTMENT & TRADE WITH THE SOVIET UNION

Other speakers at the second day of the FT conference pointed to further flaws in the structure of the Soviet economy and its reform plans.

Dr Axel Lebahn, director of Deutsche Bank, criticised the Soviet authorities for their inability to stick to a consistent economic programme and warned that payments arrears and disappointing results from joint ventures could seriously harm the Soviet Union's financial standing.

Mr Richard Webb, chairman of Morgan Grenfell, and Mr Alexander Malov, chairman of Moscow Narodny Bank, noted that the absence of a coherent legal framework was greatly impeding the possibilities of joint venture financing. They called for clearer laws on property ownership, bankruptcy and banking collateral.

Dr Wim Duisenberg, president of the Netherlands Bank, said that reform of the Soviet banking system still had a long way to go in establishing financial competition and in separating central and commercial banking.

Mr Viktor Gerashchenko, chairman of the USSR State Bank, acknowledged this, but added that the banking system would be reformed and that informal relations, possibly leading to technical assistance and advice, were already being established with the International Monetary Fund and the World Bank.

Mr Ruggero Ferrero of Fiat, Mr Richard Norton of PepsiCo and Mr Theodore Heuchling of Arthur D. Little, stressed the enormous potential for joint ventures in the Soviet Union in consumer and capital goods and in science and technology.

At the end of the conference Dr Roy Medvedev, the noted Soviet historian, and Dr Alex Pravda of Oxford University, assessed the political prospects for Soviet reform. Both agreed that the country was teetering on the edge of ungovernability but insisted that the prospects for either a military coup or a popular uprising were extremely remote. The most likely scenario, they concluded, was an uneasy and possibly unstable coalition between President Gorbachev and the more radical forces in the Congress.

Quake area of E Europe hit by aftershocks

A SECOND big tremor jolted parts of Bulgaria and Romania early yesterday, about 14 hours after a powerful earthquake shook eastern Europe from the Baltic to the Black Sea, killing at least 10 people and injuring hundreds, Reuter reports from Bucharest.

Eight people died in Romania, most hit by falling rubble, one in Soviet Moldavia, and one, of a heart attack, in Bulgaria.

Yesterday's tremor, one of a wave of aftershocks and measuring 5.8 on the Richter scale, struck before dawn and lasted about 30 seconds, rocking high buildings. No casualties were reported.

However, in northern Peru villagers were picking through the rubble of their homes for survivors after a major earthquake on Tuesday night in the Amazon region killed at least 100 people.

In Mexico City yesterday, people fled into the streets as a strong tremor shook the city, but there were no reports of serious damage.

Report urges code for airline policies

By Paul Betts, Aerospace Correspondent

MERGERS and strategic alliances in the European airline industry risk undermining the competition which the European Commission is trying to inject with its airline liberalisation policies.

To counter this danger, a report on European air transport released yesterday by the London-based Economist Intelligence Unit says a code of conduct is needed for airline policies in Europe.

The comprehensive study by Mr Stephen Wheatcroft and Mr Geoffrey Lipman, two aviation specialists, also warns that worldwide airport and airways congestion is a primary challenge to the industry. In Europe, the problem is aggravated by fragmented air traffic control and limited terminal space.

But the report says that the key trend is towards commercial alliances and the emergence of groups of mega-carriers, in which European airlines are playing a dominant role. Through these alliances and groupings, airlines are seeking to consolidate home markets and increase access to global markets.

Long-term market pressures will inevitably lead to more cross-border mergers and takeovers by the mid-1990s, the report forecasts.

However, it says there are still significant reasons holding them back, including national control regulations, airline independence, changing competitive and commercial interests of partners and the increasing attention from competition authorities.

The report also says the industry continues to face an underlying lack of structural profitability because it still cannot generate adequate earnings to meet the full long-term costs of staying in business.

The report says measures contemplated by the European authorities to improve safety regulation as economic controls are lowered are vital to the smooth transition from a regulated to a liberal system.

UK airport developments, Page 10

French agree plan to develop faster trains

By William Dawkins in Paris

FRANCE yesterday launched an ambitious FFr535m (£56.4m) five-year research programme into express trains capable of commercial speeds of 350kph – the present limit is 300kph.

The project was agreed by the Research and Industry ministries, the French SNCF rail board and GEC-Alsthom, the Franco-British engineering company which makes the present Trains à Grande Vitesse (TGV).

This is France's first specific development programme for the TGV, which has just set a new speed record of 515.3 kph, and reflects its eagerness to keep ahead of West German and Japanese competition.

Earlier spending on the TGV, which first came into service between Paris and Lyons nine years ago, has come from the general transport budget. The Government will provide roughly a third of the cash for the new project; the SNCF and GEC-Alsthom the rest.

The cost is partly explained by the fact that achieving what seems a relatively slight rise in speed needs an increase in engine power of at least a quarter. The engine, scheduled for service at the end of the decade, will also need to run on the four different standards of electrical current used across Europe's rail networks.

Challenge for car makers

By John Griffiths

WHETHER the car can overcome environmental problems and retain its primacy in personal transport will be decided within the next decade, according to the head of research and development at Volkswagen, Europe's largest vehicle maker.

In a wide-ranging review of future vehicle technology, Professor Ulrich Seiffert said that vehicle makers in the 1990s were facing a "totally different situation" from any previous period in their history.

It required them to devise effective means of substantially reducing vehicle exhaust emissions, particularly carbon dioxide, linked to global warming. Emissions of carbon dioxide from vehicles needed to be cut by 30 per cent between now and 2005, said Prof Seiffert. VW was working on various combustion and drive systems, some using alternative fuels, to achieve this.

But in the longer term, if world population growth remained unchecked, there might be no alternative to battery-powered cars drawing their energy from nuclear power stations.

Warning that "we have a climate crisis already," Prof Seiffert said the motor industry could not disclaim carbon dioxide as a problem, even though vehicles contributed only 7 per cent of the emission into the atmosphere.

With the number of vehicles likely to grow fastest in developing countries such as China, Prof Seiffert said the motor industry had a duty to provide vehicle industries there with high-technology vehicle engineering such as fuel-injection, catalytic convertor and other "clean" vehicle systems.

Eureka orders in-depth progress report and urges push on HDTV

By John Wyles in Rome

EUREKA, the European advanced technology programme, is asking Mr Wim Dekker, a former chairman of Philips, to lead the first in-depth study of the organisation's progress in narrowing the technology gap with the US and Japan.

Set up five years ago to stimulate cross-border collaboration in advanced technologies, Eureka now involves 19 countries and 1,500 companies and educational institutions in 300 projects, with a combined investment value of $10bn. Eighty new projects will be announced at its annual ministerial meeting near Rome today.

Mr Dekker will head a seven-member panel working under the supervision of the Dutch Government which will take over the chairmanship of Eureka at today's ministerial meeting.

Mr Koos Andriessen, the Dutch Minister for Economic Affairs and Eureka chairman for the next 12 months, said in an interview yesterday that, in addition to the Dekker committee, his priorities were to stimulate more environmentally-related projects, to seek to involve some eastern European universities, technical institutes and companies in Eureka programmes and to "give a push" to the High Definition Television (HDTV) project.

Mr Andriessen added that Philips, Thomson of France and West Germany's Bosch had made rapid progress in the last three years in closing the HDTV gap with Japan and that now was the time to involve Europe's broadcasting companies in seeking to introduce the new European technology by 1994-95.

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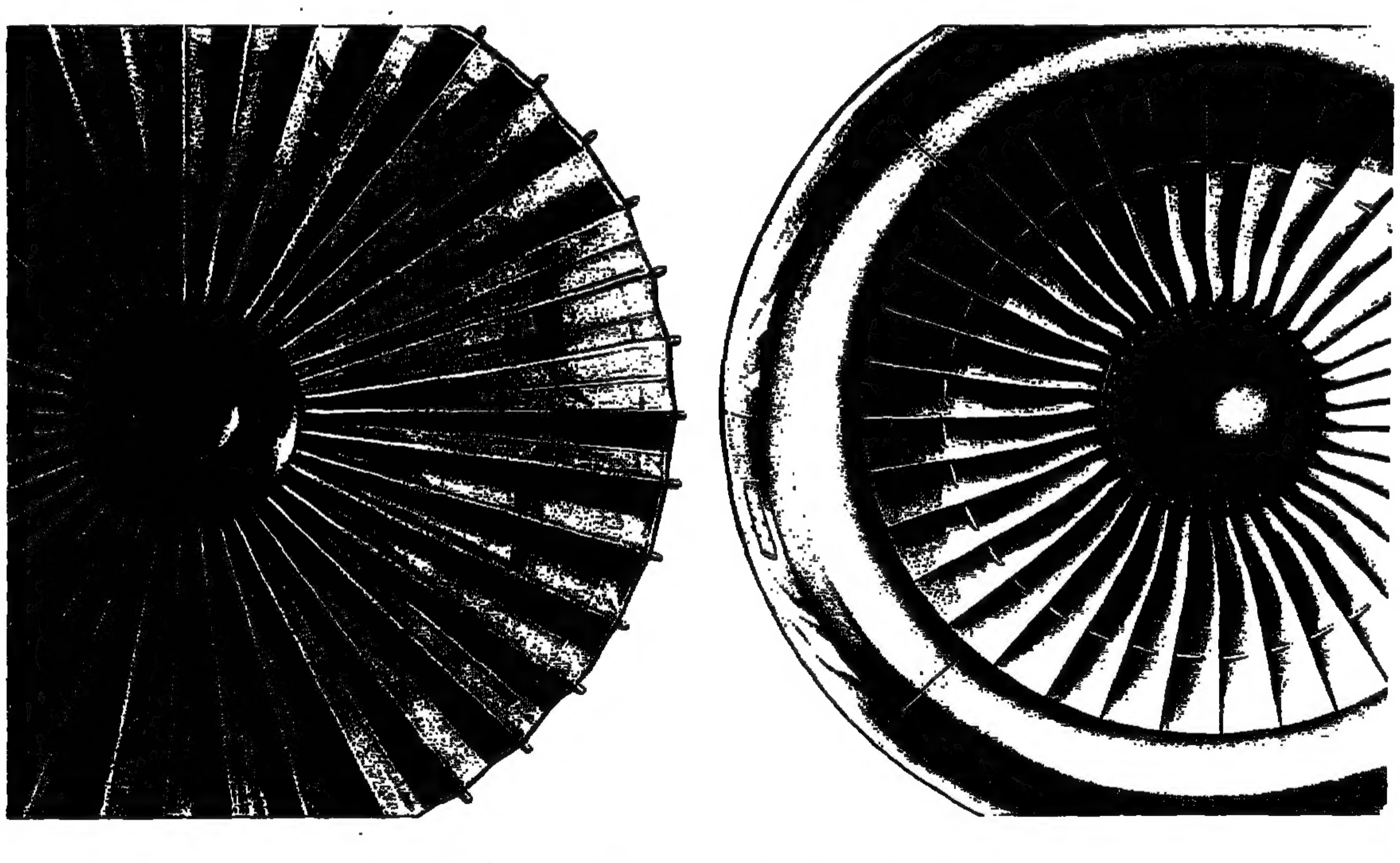

The 17th June will herald the introduction of Emirates' expansion to the Far East. Emirates, voted Airline of the Year to the Middle East 1989 by Executive Travel, will be commencing twice weekly schedules to Bangkok, Singapore and Manila from Dubai.

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Emirates

MacSharry warns on US threat to EC farm prices

By Peter Montagnon in Paris

EUROPEAN FARM prices would slump by between 20 and 35 per cent and 2m-3m farmers would be put out of production if the European Community agreed to US demands for an elimination of farm subsidies, Mr Raymond MacSharry, EC Farm Commissioner said.

"We can't ever agree to that. Politically it's impossible," he said in an interview after the US and EC failed to agree on farm reform in talks at the Organisation for Economic Co-operation and Development meeting in Paris.

Stressing he was determined to defend the EC position on farm reform in the Uruguay Round of multilateral trade liberalisation talks, he said he, not Mr Frans Andriessen, EC Trade Commissioner, was "in charge of agricultural negotiation".

The EC's position had been agreed by the Commission, by the Council of Ministers and by the European Parliament, he said. Neither he nor Mr Andriessen could change it.

He did not agree with the consensus reached by an informal meeting of trade ministers in Mexico last April, attended by Mr Andriessen, that separate discussions should take place on the three main areas of farm reform – export subsidies, import barriers and domestic support.

That could lead to the EC negotiating away its export subsidies while allowing its trading partners to continue other means of support. "We're not fools. We haven't come up the river in a bucket."

The EC was putting forward realistic proposals for reform which involved assessing all the elements together and progressively reducing overall support to farmers. Such an approach would help liberalise international trade, while dealing with the political realities.

Mr MacSharry said the OECD had been too negative about progress in reducing farm support in its annual report on agriculture this week. Since 1986, when the Uruguay Round started, EC support levels for arable products had declined by 10 per cent and for livestock by 15 per cent.

He could not accept the OECD view that EC policy measures had had little impact on this. "There was no question" that the decline in support had to do with measures such as the imposition of dairy quotas which had led to a dramatic reduction of butter and milk powder stocks. "Can they (the OECD) not give credit where credit is due?" he asked.

OECD disagreement 'was waiting to happen'

The road to the end of the Uruguay Round is still bumpy, **Peter Montagnon** writes

DANGEROUS but not a disaster. This was how trade officials yesterday summed up their reaction to the open disagreement on world farm reform that surfaced at the Organisation for Economic Co-operation and Development meeting in Paris this week.

The row, over the EC's refusal to single out farm export subsidies as a specific target for reform, has heightened tensions in the Uruguay Round of multilateral trade negotiations.

But, according to Mr Nicholas Brady, US Treasury Secretary, it was a disagreement waiting to happen. Now it is in the open, it will concentrate minds in the run-up to the climax of the Uruguay Round in Brussels in December.

Delegates at the OECD said an immediate consequence of this week's row will be to send a negative signal to other countries participating in the Uruguay Round. Many developing countries are looking to liberalisation of farm trade in the Uruguay Round as a means of compensating them for having to agree to open their markets in other areas such as services and to enforce intellectual property rights.

One danger now is that there will be only limited progress, and possibly even a crisis, at July's Uruguay Round meeting in Geneva, which is scheduled to produce framework agreements on all 15 items on the overall agenda.

Neither US nor EC officials expect the farm row to be resolved by then, and the US is becoming concerned that this will upset the delicate timetable for the Round, which calls for detailed legal drafting on the whole package to proceed between July and December.

Unless the entire deal is complete by then, the Bush Administration will lose its "fast-track" negotiating authority which is needed to ease the implementing legislation through Congress.

The tactic being adopted by the US is to expose the EC to maximum pressure by enlisting the support of other farm exporting countries for its position and by threatening to walk away from the whole Uruguay Round if it does not achieve fundamental reform on agriculture.

There are signs that this is producing a split in the EC's position, with some trade ministers calling for concessions to be made in agriculture for the sake of the overall package. In Dublin, earlier this month, Mr Nicholas Ridley, UK Trade and Industry Secretary, said the EC should reconsider its insistence on being able to offset reductions in one form of farm support with increases in another.

MacSharry: 'Dire impact'

This week in Paris, Mr Renato Ruggiero, Italy's Trade Minister, told the FT that, provided the US dropped its demand for elimination of trade distorting subsidies, Europe should be prepared to negotiate specific policy commitments instead of looking simply at overall levels of farm support.

This approach cuts little ice, however, with Mr Raymond MacSharry, the EC's hardline Farm Commissioner who considers the US demands unrealistic because of the dire impact they would have on European farmers.

Even before this week's meeting began, European officials said they felt that the OECD was the wrong forum to negotiate policy changes in the context of the Uruguay Round.

They add that the US has been conducting a one-sided debate in Paris, because of its reluctance to move on other issues, such as unilateralism in trade policy and reform of world textile trade, where it faces domestic political difficulties of its own.

Now, they say, they hope the "mistake" of trying to negotiate in the OECD will not be repeated at the Houston economic summit in July, though there is little chance of this wish being fulfilled.

Mr Clayton Yeutter, US Agriculture Secretary, said yesterday that President Bush was the host at this summit and could set the agenda. Mr Bush is firmly committed to farm reform and could make his fellow-leaders talk about it for the summit's entire two days if he wanted to, he said.

Many hard-nosed trade officials believe that the kind of posturing that has gone on in Paris this week is a necessary part of the process in defining the political sacrifices needed to complete the Uruguay Round. Only through constant peer-group pressure can the ground be prepared for any substantial change in position.

Meanwhile, detailed work on farm reform is to continue at the General Agreement on Tariffs and Trade in Geneva where farm negotiators are due to meet again in the second week in June.

The OECD meeting has heightened the sense of brinkmanship in this process, however, and the road to Brussels is likely to be bumpy.

It is not clear yet which side will give in in the end, but there is widespread recognition that failure to complete the Round would be catastrophic, as Mr Francis Maude, Minister of State at the Foreign Office, put it yesterday.

"If we get this right, we get the basis for sustained and sustainable economic growth in developed and developing countries," he said.

French in Soviet hotel venture

BOUYGUES, the French construction company, yesterday signed a joint venture pact to build a hotel in Khiva, Uzbekhistan, a prime Soviet tourist spot, Leyla Boulton reports from Moscow.

The Soviet airline Aeroflot and the Uzbek construction ministry are among majority Soviet shareholders in the joint venture company, Aerokhiva. But most of the investment for the FFrs380m (£39.5m) deal comes from western banks. Bouygues and its French partner Pullman International Hotels, which will manage the hotel.

Some 72 per cent of the project will be financed mainly by French bank loans, with Banque Nationale de Paris lead manager. The other 28 per cent will be share capital. The project is guaranteed by the French export credit agency Coface and Banque Française de Crédits à l'Exportation, with lending banks taking up the commercial risk.

Poland revalues against rouble

POLAND, struggling to control a mounting trade surplus with the Soviet Union, has revalued the zloty against the rouble, Christopher Bobinski reports from Warsaw. The surplus comes as deliveries this year from the Soviet economy have fallen sharply, to the relief of Polish importers hit by a 30 per cent drop in industrial sales at home.

After the first four months of the year, Warsaw's surplus with Moscow, at Rbs891.9m, more than doubled, exports growing 3.5 per cent and imports falling 26.4 per cent.

The move introduces a third trade exchange rate for the two countries. Poles trading within this year's trade protocol will continue to receive Zl 2,100 for their roubles and a budget subsidy if the price does not cover costs. But those selling over protocol limits will from today only receive Zl 1,000 for each rouble and no subsidy.

Fifteen per cent of the value of this year's turnover with Moscow is now denominated in dollars, with each dollar worth Zl 7,462, against the west where the dollar is worth Zl 9,310.

UK wants east Europe to share western know-how

BRITAIN yesterday proposed launching a series of conferences to bring together experts from the industrialised nations, the Soviet Union and eastern Europe to enable eastern Europe to take advantage of western experience of free enterprise, Peter Norman reports from Paris.

Mr Francis Maude, Minister of State, Foreign Office, said the conferences would involve experts from all the 35 countries that took part in the Conference for Security and Co-operation in Europe (CSCE) and the OECD's 24 industrialised member states.

The British proposal reflects a growing realisation among western industrial nations that it may be more important to provide eastern Europe with the know-how and experience of running market economies than simply to give it financial support.

He suggested to the OECD meeting that the first conference be held this autumn to consider policies needed to ease the effects of economic reform on eastern European labour markets.

Other conferences might cover banking and financial systems, pricing and tax policies, environmental economics and trade.

Bid to resolve US-EC split on subsidies

By William Dullforce in Geneva

THE FIRST serious effort to resolve a fundamental difference of approach between the European Community and the US over the use of trade-distorting subsidies has been initiated this week in the Uruguay Round trade talks.

Mr Michael Cartland, chairman of the negotiating group on subsidies, circulated an independent paper outlining possible solutions, which amounts to a thorough revamping of the existing Gatt subsidies code.

The paper follows the "traffic light" approach under which subsidies would be divided into a red prohibited category; a yellow category of those which are not banned but against which countervailing action can be taken, if they are shown to have injurious trade effects; and a green category of permitted subsidies.

In the crucial area under dispute, the paper strikes a middle line between the US demand for a wide-ranging ban on all kinds of subsidies to industry and agriculture and the EC's contention that domestic subsidies are legitimate, unless it can be proved that they have a demonstrably negative effect on the trade interests of other countries.

In addition to the export subsidies listed by Gatt as being illegal, subsidies made contingent on a company's export performance and subsidies contingent on the use of domestic, instead of imported, goods would be banned.

From the US point of view, Mr Cartland has certainly not gone far enough towards banning domestic subsidies.

He follows the EC's line that subsidies' effects on trade must be clearly documented before counter-measures can be approved. On the other hand, under the rules he outlines, many subsidies which the EC believes should be allowed would fall into the yellow category, where action could be taken against them under carefully defined circumstances.

Mr Cartland's proposals would tighten the rules under which governments are allowed to take countervailing measures against subsidised exports.

In particular, no action would be permitted against products on which the subsidy could be considered negligible, or against imports which amounted to less than a given percentage of the domestic market.

Canada, which claims that its exporters have suffered unfair harassment from counter-measures initiated by their US competitors, has taken the lead in demanding that the hurdles against countervailing action be set higher.

The US was responsible for 90 per cent of the countervailing duties imposed worldwide during the 1980s.

Mrs Carla Hills, US Trade Representative, has frequently stated that placing effective curbs on the swelling governmental subsidies to industries is a major US objective in the Uruguay Round.

Many trade officials fear that, as tariff barriers are reduced, governments may resort more to subsidies to shore up industries threatened by competition.

The EC has tended to see Washington's pressure in the group negotiating on subsidies as an attempt to reinforce its leverage in the crucial talks on the reform of world farm trade, where the US is seeking the elimination of all export subsidies.

Brussels drops albums inquiry

THE European Commission has closed an inquiry into South Korean and Hong Kong photo album imports after the producers agreed to raise their prices, it said yesterday, Reuter reports from Brussels.

The commission said the "dumping" inquiry opened in 1988. The producers had agreed to raise their prices after being told Brussels planned to impose punitive duties of 9.3-24.8 per cent on the albums. The Asian producers had boosted their market share from 54.7 per cent to 69 per cent from 1985 to 1988, it added.

Correction
Cargo Systems

In an article on the container industry in the May 23 edition of the Financial Times, a publication was named as Container Industry. It should have been Cargo Systems.

HE HIDROELECTRICA ESPAÑOLA

ANNUAL GENERAL MEETING

The Board of Directors gives notice of an Annual General Meeting to be held at the Palacio de los Deportes, Avenida de Felipe II, 19, Madrid, on June 4th, 1990, at 12 noon, on failing that, if there is insufficient members present and voting either in person or by proxy to form a quorum, then such Meeting will be held on June 5th, 1990, at the same time and place, to consider and, if thought fit, pass the following resolutions:

1. To receive and approve the management's conduct of the business in 1989, the 1989 Management Report, Balance sheet, the Profit and Loss Account, the Annual Report, and the proposed distribution of profits for the year ended 31st December 1989.
2. To elect and re-elect Directors and ratificate the Directors appointed by the Board.
3. To appoint Auditor.
4. To amend the Articles of Association and to adapt thereof to Law 19/1989, of July 25th and the Ley de Sociedades Anónimas (Companies Act) and to approve, if appropriate, of new reformulated Articles of Association. All articles of the Articles of Association will be amended so as to adapt them to the new legislation and to the Company's present requirements, the main objectives being: a) to accurately and concisely define the activities comprising the corporate purpose, b) to represent the shares by means of book entries, c) to envisage the creation of nonvoting stock, d) to regulate the right of attendance and representation at Annual General Meeting and the quorum therefor, e) to regulate the organization of the Board, and f) to regulate the Executive Comittee.
   The contents and scope of this resolution are set forth in a report which is available to all shareholders, free of charge, on request.
5. To approve and confirm the treasury transactions of shares of the Company undertaken by Group companies.
6. To authorize the Board of Directors to acquire, in accordance with, inter alia article 75 of the Ley de Sociedades Anónimas (Companies Act), as amended, shares in the Company by the Company itself or by companies under its control.
7. To authorize the Board of Directors, to issue and allot debentures, bonds, promissory notes or any other financial instruments, not convertible into Company shares, whether transferable or not, such authorization to replace that granted at the Annual General Meeting of May 31st, 1989.
8. Pursuant to Article 153.1.b) of the Ley de Sociedades Anónimas (Companies Act), to authorize the Board of Directors, if they consider fit, to allot shares for cash, without further approval by shareholders in General Meeting, such authorization to replace that granted at the Annual General Meeting of May 31st, 1989.
9. To authorize the Board of Directors to increase the share capital on the relevant dates and by the amounts necessary to satisfy the conversion of the convertible securities issued by the Company prior to January Ist, 1990.
10. Pursuant to the new legislation, to amend the resolution adopted by the Annual General Meeting of May 26th, 1982, relating to the quotation on the stock exchange of securities issued or to be issued by the Company.
11. That the Board of Directors be and is hereby generally and unconditionally authorized to exercise all powers to implement the resolutions adopted.
12. Approval of the minutes of the meeting.

The Board of Directors has resolved to pay an attendance fee of Ptas. 2.50 per share to the shareholders present or represented at the Meeting.

The documentation referred to in Article 144.1.c) of the Ley de Sociedades Anónimas (Companies act) –the complete text of the proposed amendments to the Articles of Association and the report relating to it, together with the reports and proposed resolutions on the share capital increases referred to in points 8 and 9 of the agenda– are available for inspection by the shareholders at the registered office of the Company. Alternatively, such information will be delivered or mailed, free of charge, to shareholders on request. Furthermore, pursuant to Article 212.2 of the amended Ley de Sociedades Anónimas (Companies Act), the documents referred to therein (Balance sheet, Profit and Loss Account, Annual Report, Management Report and Auditors' Report) are available for collection by shareholders at the registered office of the Company from the date of this Notice.

Shareholders who, either individually or collectively, own not less than 100 shares on the date being not less that 5 days before the day fixed for holding the Meeting, are entitled to attend and vote at the Meeting. In order to attend and vote shareholders should obtain an attendance/voting card from the registered office of the Company at Hermosilla, 3, Madrid, or at any branch or registered office of Banco Bilbao Vizcaya, Banco Español de crédito, Banco Hispano Americano or Confederación Española de Cajas de Ahorro.

Pursuant to Article 106 of the Ley de Sociedades Anónimas (Companies Act), as amended, a shareholder entitled to attend the vote may appoint another shareholder as proxy to attend and vote in his stead in the manner set out in the attendance/voting card.

Pursuant to Article 1 of the Royal Decree 2288/1977, of August 5th, the Board of Directors has been advised by the Company's legal counsel with respect to this Notice.

Notes. 1. Although under the terms of the Ley de Sociedades Anónimas (Companies Act), as amended, this Notice provides for a first and second Meeting, in order to avoid unnecessary inconvenience the Board wishes to remind shareholders that it is no usually possible to obtain the quorum required by that Act at the first Meeting. Accordingly, the **Meeting will probably take place on June 5th, 1990, at 12 noon, following the second notification.**

2. As in previous years, for the convenience of shareholders and in order to avoid delay at the entrance to the Meeting, the 1989 Annual Report and other documentation will be made available at the Company's offices on the dates and times notified in due course in the national press.

Madrid, May 16, 1990 – THE SECRETARY OF THE BOARD.

1992 REDRAWING THE MAP OF EUROPE

The Financial Times proposes to publish this survey on:

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FINANCIAL TIMES
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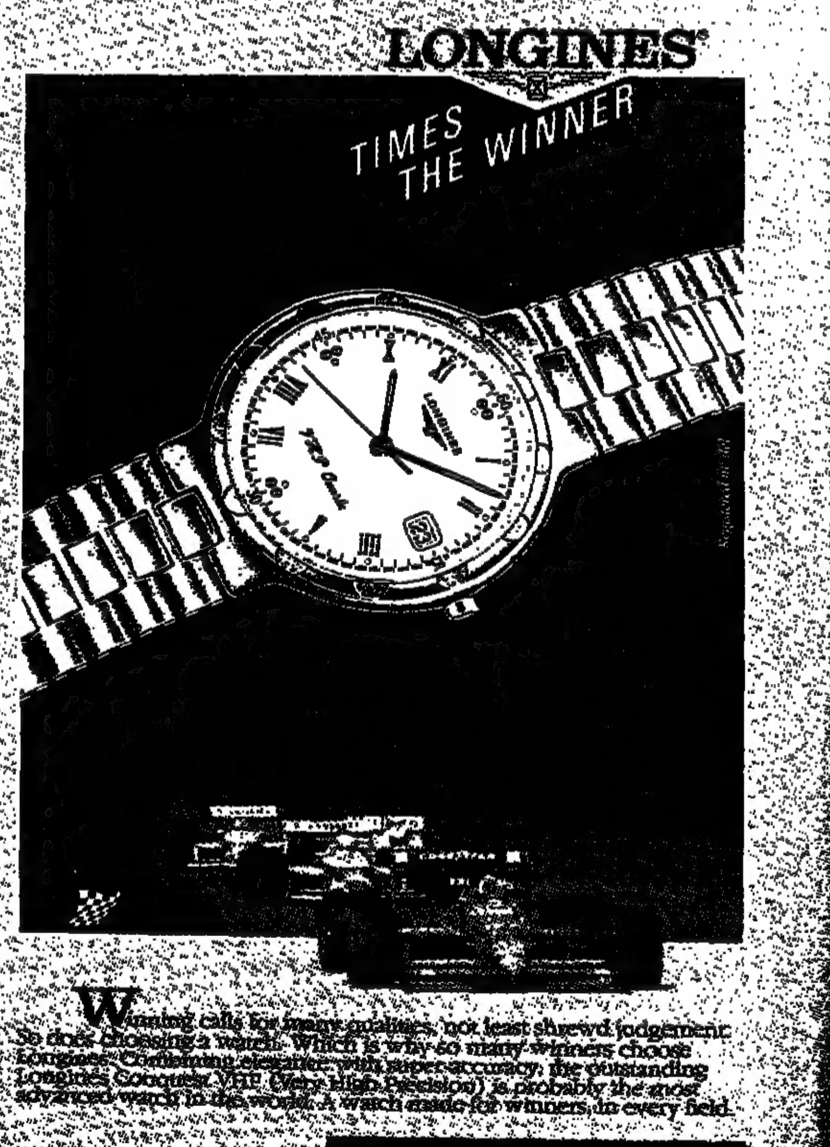

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The Independent, 26th August, 1987.

DO WE SOMETIMES WISH WE HADN'T FOUGHT TO HAVE BLACK TRADE UNIONS RECOGNISED?

Yes, to be honest, we do quite often.

Because black South Africans have had no voice politically, the unions have quite rightly exercised theirs pretty loudly.

For many years, the government refused to recognise black trade unions at all.

Anglo American, South Africa's biggest mining and industrial group, campaigned constantly for the abolition of this policy.

In 1974, Harry Oppenheimer, a former Chairman, urged other companies to join us in going ahead and dealing with the black trade unions, even though they were unrecognised by the government.

In 1979, the government gave way. Union rights for black workers were at last conceded.

Anglo American recognised and negotiated, just months after its establishment, with the National Union of Mineworkers, when the union only represented 5% of our workers.

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Life has not always been easy since then.

In 1987, for example, our gold and coal mines experienced a costly and disruptive strike.

So why have Anglo American pushed so hard for black trade union rights?

For very sound commercial, as well as moral, reasons.

However tough pay bargaining gets, it is much better to deal with representatives of a stable workforce through recognised machinery.

Today, we remain firmly committed to working with the trade unions in a joint effort to build up the South African economy.

Anglo American's mines are now the most highly unionised in South Africa.

In terms of pay, workers get the same rate for the same job, irrespective of race or colour. All can benefit from our free, voluntary share scheme.

In the metal and paper industries, we bargain with unions representing workers of all colours.

In these industries, we have worked with the unions to get rid of the industrial colour bar.

In the metal industry, together with other employers, we operate health, holiday and retirement funds for all workers.

And in 1989, with the National Union of Mineworkers, we helped to create the largest contributory Provident Fund in South African history for the benefit of all black miners.

Conflicts about a fair wage and good working conditions may continue.

But we at Anglo American share a belief:

Whether you're running a company or a country, if the majority have no say in their future, they will naturally feel no responsibility for what happens around them.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA

IF YOU'D LIKE TO KNOW MORE ABOUT WHAT WE'RE DOING, PLEASE WRITE FOR OUR FACT BOOK TO: AAC, DEPARTMENT NO. FT07, PO BOX 43, LONDON EC1P 1AJ. ALLOW 28 DAYS FOR DELIVERY.

Brazilian output shows sharp drop

By John Barham in São Paulo

INDUSTRIAL output in São Paulo, Brazil's most heavily industrialised region, has suffered its sharpest decline in nine years, largely the result of drastic anti-inflation policies introduced in March by *President Fernando Collor de* Mello.

The Federation of São Paulo Industries (FIESP) says industrial activity in April fell 15.3 per cent in comparison with April 1989, the worst result since the onset of a severe recession in 1981-83. Capacity utilisation fell to 62.5 per cent, the lowest rate since 1975. The city accounts for 43 per cent of Brazil's industrial production.

Last week, the Government reported that gross domestic product suffered a 2.4 per cent fall in the first quarter of this year compared with the final quarter of 1989. Officials said hyperinflation was a leading factor in the decline.

Nonetheless, FIESP says production levels recovered in May, with growth in retail sales and food processing.

A survey of business intentions at 250 of Brazil's largest companies by the auditors Price Waterhouse is less encouraging.

Most companies expect a deepening recession and rising inflation in 1990.

Argentina edges back into IMF good books

Gary Mead and Stephen Fidler on the Menem government's quest for financial status

THE RENEWAL last week of an International Monetary Fund stand-by credit for Argentina should be cause for joy in President Carlos Menem's Government. But such is the fragile condition of Argentina's economy that the agreement may once again collapse before the end *of 1990.*

The $1.4bn IMF credit was approved in November and suspended three months later as inflation spiralled out of control. It was reactivated last week to allow disbursement of $240m, leaving $720m to be paid out in coming months.

Argentina has agreed a fresh set of economic targets, which look no less demanding than last November's. These include average monthly inflation of 4 per cent until the end of the year and a fiscal surplus equivalent to $950m (£562m) for the three months of April-June.

Even with the IMF back on board, Argentina has $60bn of foreign debt to service, an apparently insurmountable task without debt reduction deeper than that granted to Mexico under the Brady Plan. About 60 per cent of the total is owed to commercial banks.

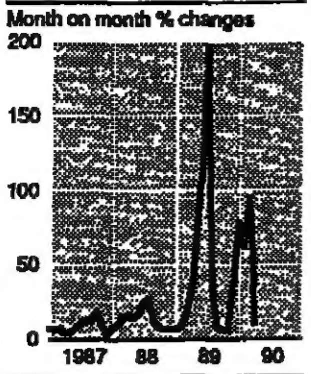
The prospects for a rapid resolution of this problem through a debt agreement with commercial banks – to which Argentina owes more than $6bn in back interest – appear poor. Mr John Reed, chairman of Citicorp, the country's leading bank creditor, said in London this week: "I don't know what you would base a deal with Argentina on." His bank has written off 60 per cent of its exposure to Argentina. He is sceptical of success of the IMF programme and would have preferred the IMF to delay disbursement "until it felt more confident".

Argentina, with a foreign debt of more than $60bn, has not paid foreign banks interest on medium-term loans since April 1988. Now, it has a scheduled meeting next week with its main creditor banks, led by Citicorp.

It has also pledged a resumption of some interest payments.

Argentina's inflation

Month on month % changes



THE GLOBAL shortage of savings has been one of the factors to persuade countries in Latin America to adopt market-oriented policies, Mr Nicholas Brady, US Treasury Secretary said, Peter Norman writes from Paris.

Mr Brady said that "country after country and leader after leader" in the region had turned to economic reforms to secure the funds that their countries need. It was the shortgage of funds for investment that had induced understanding in such countries.

Judging from the complete absence of a reaction in the secondary market for Argentine debt, where it is trading at about 14½ cents on the dollar, banks remain sceptical even about this.

On top of that, the joint US bank regulators on the Interagency Country Exposure Review Committee (ICERC), meeting in mid-June, are expected to consider increasing the compulsory reserves on US bank loans to Argentina from 40 per cent to 55 per cent.

But while Argentina's relations with banks have deteriorated to a level where many lenders no longer care what happens to the country, its ties with the US Administration have substantially improved under Mr Menem. He has pledged to drop joint development with Iraq and Egypt of the medium-range Condor II missile. A contingent of US green berets are due to stage joint manoeuvres with Argentine troops in September on Argentine territory: President George Bush will be only the *second US President* to visit Argentina, later this year; and Argentina has patched up, albeit precariously, relations with Britain.

Such political gestures have brought public statements of support from Washington. That in turn has helped Argentina's supporters within the IMF to lean over backwards to look on the bright side of the country's as yet fragile economic stability.

In recent weeks, as the clinching of the IMF agreement grew more certain, Mr Menem and his staff have called for debt reductions for Argentina, of anything between 20 and 50 per cent. Former President Raúl Alfonsín frequently made the demand, without favourable response.

But there are crucial differences now, partly due to a greater realism on both sides of the dispute and partly as a result of the considerable progress made by the Menem Government towards bringing state earnings into line with spending. It has delayed public sector salary payments, postponed payments to private sector state suppliers, has raised public utility tariffs by in some cases thousands of per cent, and has squeezed financial support to the provinces. Monthly fiscal surpluses of scarcely more than the equivalent of $150m have been the result.

With more gargantuan efforts against tax avoidance the Government might achieve, according to independent economists, monthly fiscal surpluses worth $250m.

It has also embarked on a programme of privatisation, under which debt-equity swaps are likely to be extensively used.

Bankers usually support debt-equity swap programmes, and local observers have optimistically forecast that the two big companies soon to be privatised – the airline Aerolíneas Argentinas and ENTel, the telecommunications network – could alone be worth $6bn.

Debt-equity conversions could thus help eliminate a substantial portion of Argentina's debt. The impact on foreign debt negotiations is unclear. It is conceivable, say some bankers in Buenos Aires, that the more successful is the debt equity programme, the tougher position the banks may be able to take on the remaining debt.

US factory orders hit by fall in cars and aircraft

US FACTORY orders fell 2.3 per cent in April to a seasonally adjusted $235.6bn (£139.4bn), primarily because of a slump in new-car and aircraft orders, the Commerce Department said yesterday, *Reuter* reports from Washington.

The April decrease, which was steeper than economists' expectations for a 1.7 per cent drop, followed an upward revised 4.0 per cent rise in orders during March.

Excluding transport equipment, factory orders were unchanged in April after a 1.0 per cent gain in March, the department said.

A key component of factory orders, durable goods orders, dropped 4.3 per cent in April after rising 6.7 per cent in March. The overall 4 per cent rise in March orders was revised up from a previously reported increase of 3.8 per cent.

Orders for non-durable goods were unchanged in April after a 1.1 per cent gain in March, the department said. Recent reports suggest the economy is weakening after 7½ years of steady expansion. Last week, the Commerce Department revised down its estimate of Gross National Product growth to a 1.3 per cent annual rate in the first quarter this year from 2.1 per cent.

Transport equipment orders dropped by 14.7 per cent in April after a 24.1 per cent climb in March. Within that category, orders for aircraft and parts fell 29.8 per cent last month following an increase of 68.7 per cent in March.

Shipments of motor vehicles and parts were down in April by 7.3 per cent after an 8.5 per cent rise in March.

New car sales were anaemic in mid-May, which may suggest future production cuts, since May normally would be a prime spring selling season.

Primary metals orders fell 1.4 per cent in April after an 8.0 per cent rise in March.

Venezuela to seek bids for state airline Viasa

By Joe Mann in Caracas

THE VENEZUELAN Government will seek bids from airlines interested in buying shares in the state-owned international airline, Viasa, the company's president, Mr Ramon Mendoza, said.

The Government is believed to be interested in selling about 60 per cent of the airline's stock.

Viasa, which has been fully owned by the Government since the mid-1970s, operates scheduled flights to the US, Europe, the Caribbean and Latin America, with a fleet of five DC-10-30s, which it owns, and two leased Airbus A-300-B4s.

The company has not yet released official financial data on its 1989 activities. But in 1988, it reported a net profit of $15m on turnover of $369m (£218m). The company would have lost money in 1988 were it not for a $49.3m export incentive from the Government. The airline said it moved more than 665,000 passengers last year (34.5 per cent of the nation's international air passengers) and 37,300 tonnes, or 51 per cent, of its air cargo.

Recent press reports said that KLM was one of the international carriers most interested in buying into Viasa.

The announcement that the Government of President Carlos Andrés Pérez would seek bids for Viasa was good news to businessmen, who have been disappointed with the administration's scant progress on privatisation.

After taking office early last year, the Pérez administration said it would seek domestic and international investors for a wide range of government-owned concerns, including banks. Thus far, however, no privatisation operations have been concluded.

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25 June 1990—London

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Dr Peter Williams
The Oxford Instruments Group plc

Mr Alastair Ross Goobey
James Capel & Co

The Lord Alexander of Weedon, QC
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Mr Anthony Thatcher
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Limited spaces are available. For further information please contact:

Mr Martin Shelley
Department of Trade & Industry
Ashdown House
123 Victoria Street, London SW1E 6RB
Tel: 071-215-6622 Fax: 071-828-0931

Bush calls for drive on regional conflicts

By Lionel Barber in Washington

PRESIDENT George Bush yesterday appealed to President Mikhail Gorbachev to renew US-Soviet efforts to resolve regional disputes in the Third World.

The question at this week's superpower summit in Washington is whether the leaders will have time to focus on these festering conflicts – in Afghanistan, Angola, Cambodia and the growing crisis in Kashmir.

Equally important is US pressure on Mr Gorbachev to cut support for the Castro regime in Cuba, which a senior administration official described this week as "neanderthal".

Both the US and Soviet Union have been preoccupied with Germany and Europe over the past 15 months at the expense of regional conflicts. This stands in contrast to 10 years ago, when these "hot wars" – marked by Soviet and Cuban adventurism – largely led to the death of détente.

"All regional conflicts are drifting," says Ms Judith Kipper, a Middle East expert at Brookings Institution in Washington, "because the conflicts are no longer on the East-West agenda, nobody gives a damn."

Two-and-a-half years ago, during Mr Gorbachev's last visit to Washington, both sides laboured to produce an agreement on withdrawing Soviet forces from Afghanistan and set the framework for withdrawing Cuban forces from Angola and political independence for Namibia.

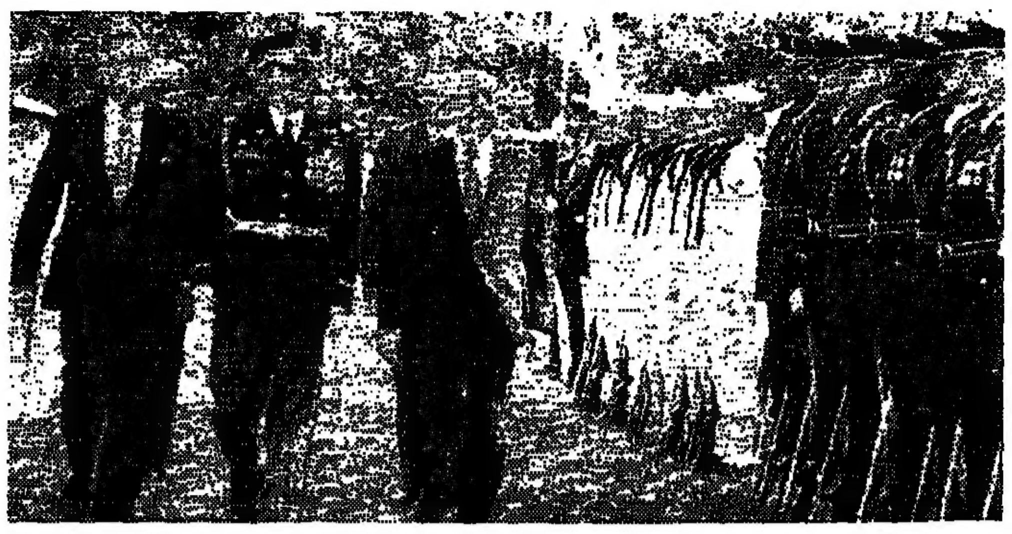
Ms Kipper says the Bush Administration has taken a much more risk-averse approach to regional issues than the Reagan Administration. Under Mr James Baker, the US State Department has sought to avoid political controversy and to maintain good relations with Congress.

A second factor is that the Soviet leadership's preoccupation with internal problems appears to have restricted its willingness to strike deals.

Yet while it has become fashionable to talk of the declining influence of the superpowers in a multi-polar world, outside observers believe that the US and Soviet Union still could have a big impact on the regional conflicts.

A senior United Nations official said last month that if the US and the Soviet Union agreed to stop supplying weapons to their clients in Afghanistan, it would have an immediate influence on the warring parties leading to "zones of tranquillity" inside the country and some improvement in the appalling refugee problem.

In response, senior US officials say they are making progress on a political settlement on Afghanistan, with Moscow coming round to the view that its client President Najibullah must step down as part of the solution. The question centres, as usual, on the timing: whether it should be before or after elections to be held under the supervision of outside observers.



Bush and Gorbachev flank Col Barris Zais as they review the White House guard of honour

Minnesota ready with welcome mat

Gorbachev has chosen fertile ground to visit, writes Barbara Durr

GORBYMANIA may be dead in Moscow but it thrives in Minneapolis. President Mikhail Gorbachev goes to Minneapolis, Minnesota, for a mere six hours on Sunday following the summit and he will receive a dose of Americana, heartland-style.

Nearly half the state's population of 4m is expected to try to get a look at the Soviet leader, though a plan for a public rally was scrapped. Soviet advisers did not want Mr Gorbachev to suffer the embarrassment, or security problems, of demonstrations by pro-independence Baltic-Americans.

"There's a certain euphoria running through the community," said one Minneapolis resident. "Generally, there's a spirit of friendliness and enthusiasm."

Mr Gorbachev's choice of Minnesota for a visit results from the special place that the people and companies of the state have played in Soviet-American relations. Mr Rudy Perpich, Minnesota's Democratic governor, who invited Mr Gorbachev, was the organiser in 1983-85 of a Soviet-American children-to-children satellite hook-up to talk about peace.

Mr Perpich's interest in the Soviet Union grew from a stint during the late 1970s as Control Data's representative for eastern Europe stationed in Vienna. Mr Perpich, a first-generation American of Yugoslav descent who speaks Croatian, was frustrated at not being able to sell Control Data computers to the Soviet Union because of US high-tech restrictions.

He has since had a sense of personal mission about tearing down the barriers between the two countries, or at least between the Soviet Union and Minnesota. He has been accused of using the Gorbachev visit to promote his own sagging political campaign for a third term.

But his efforts to lure Mr Gorbachev have won the full backing of the corporate community, which will foot the bill for the visit.

Mr Gorbachev's selection of Minnesota could not put him in better territory for contact with companies interested in business. Minnesota, with more Fortune 500 companies per capita than any other state, has 34 companies doing business or in joint ventures with the Soviet Union.

These include top companies such as Control Data, Honeywell, 3M, and Cargill. Control Data, whose officials delivered the Gorbachev invitation to the Soviet embassy in Washington, is awaiting US government approval to export six mid-range mainframe computers that are to be used for improving safety at Soviet nuclear power plants. The computers will be the most powerful ever exported to the Soviet Union and the deal the most important in US-Soviet technological co-operation so far, the company said.

Honeywell, the system controls company, this week reached agreement with the Soviet Union to develop a new satellite navigation system for aircraft. The agreement also includes Northwest Airlines. Honeywell currently has a 50-50 joint venture in the Soviet Union begun in 1988 for chemical fertiliser manufacturing. It plans to expand its presence there by establishing a valve manufacturing joint venture in 1991.

Cargill, the largest US private trading partner with the Soviet Union, has sold Moscow between 4m and 8.5m metric tonnes per year of grains, oilseeds, soyameal, cocoa, rubber, sugar and cotton over the last 15 years.

3M, the diversified chemical and packaging producer and the largest corporation in Minnesota in terms of market value, has announced co-operation on a plant in the Soviet Union to make reflective road signs. The plant is expected to open this year. While not a formal joint venture, 3M's "working arrangement" means it will provide the reflective sheeting and technology.

The leaders of these four big corporate companies are fairly sure bets to be included in the planned meeting of Mr Gorbachev with local companies. Yet, however much local corporate and political glitz may be laid on, Mr Gorbachev and his wife Raisa are likely to snatch their first genuine glimpse of the real America. And modesty will be one of the attributes they are most likely to find. "I hope we don't go too far and say that Minnesota is the greatest and all that," said one woman.

Gorbachev can still smile – but not as broadly as Mayor Barry

IT may seem hard to imagine, but there is one politician in Washington who has more problems right now than President Mikhail Gorbachev, writes Lionel Barber. History will record that this man was present at the arrival ceremony for the Soviet leader on the White House lawn at 10am yesterday.

Mayor Marion Barry of Washington DC wore a bright red tie and that familiar big smile. If life's burdens were weighing heavily, he did not show it. Indeed, he offered little hint of a man who is due next week to stand trial on a 14-count indictment on perjury and possession of cocaine.

"Plea bargain," shouted several members of the assembled world press as they waited for Mr Gorbachev. The black mayor remained impassive, giving no hint of whether he will cop a plea. The senior administration officials nearby put a little more distance between themselves and the man who, improbably, clings on to power in the nation's capital.

Mr Gorbachev's hold on power in Moscow has, of course, also been a matter of speculation in Washington. And as the Soviet anthem echoed across the Potomac river, everyone recalled its opening line: "The unbreakable union of free republics."

But no-one – not even Mr Boris Yeltsin – has suggested indicting Mr Gorbachev for his conduct in office; and President George Bush made clear in his arrival ceremony remarks that he intended to stand by his man. "We salute you," said Mr Bush in a tribute to Mr Gorbachev's historic role in promoting change in eastern Europe and the Soviet Union. The Soviet President nodded gravely and seemed to murmur a subdued Russian "thank-you".

Mr Gorbachev has aged visibly since he took Washington by storm two-and-a-half years ago. He can still flash a winning smile and his eyes retain their sparkle but in repose his face is creased and he comes across as a tired man.

The truth is that the Soviet leader has lost a lot of his mystique. Americans have seen TV pictures of the May Day demonstrations against him in Red Square, whereas in the early summits with President Ronald Reagan there was always a feeling of dealing with the unpredictable and the unknown. Was Mr Gorbachev going to upstage Mr Reagan?

Mr Gorbachev may still produce some surprises. The latest fear in Washington is that he may turn his weakness at home into strength abroad, pushing for concessions from the US. But Mr Bush looked the part yesterday as master of ceremonies, drawing on 25 years of experience as a congressman, ambassador, CIA director and Vice President.

Only once – when he let loose small-talk at Mr Gorbachev without making sure that an interpreter was on standby – did he slip up.

Mr Bush's speech was a clever blend of substance and the personal touch. He was firm on German membership in Nato and he acknowledged differences with the Soviet leader on Lithuania's right to self-determination; but he went out of his way at the end to express his appreciation that Mr Gorbachev had brought his "beautiful" wife, Raisa. But then Mr Bush has a long memory – and he has no intention of recreating the ruckus between Raisa Gorbachev and Nancy Reagan which marred the 1987 Washington summit.

It was a timely reminder of how Mr Bush is his own man.

'Dynamic' editor gets down to business

By Nancy Dunne in Washington

MR Vladimir Yakovlev, a 31-year-old Soviet journalist and entrepreneur, came to Washington this week to promote Commersant, the resurrected Soviet business weekly. He was as fully prepared for a media blitz as Mr Mikhail Gorbachev.

He had with him a New York publicist, the requisite "press kit" prepared by his public relations agency, and a press release extolling him as "tall, slender, with penetrating light eyes masked by glasses, behind a serious and unassuming demeanour . . . one of the most dynamic young men in Russian journalism".

Mr Yakovlev, Commersant's editor-in chief, was unapologetic. "Do I look like a crazy person? Let's say not too much. I would be crazy to try and distribute a newspaper in the US market without such kind of an agency."

Mr Yakovlev apparently is totally sane, despite his insistence that Commersant has been published since 1908 – having taken a 73-year sabbatical from 1917-1990 "for reasons beyond our control".

The paper's rebirth, with a pledge to ferret out "detailed accurate information about the Soviet market", was accomplished with an initial $250,000 investment by Refco Group, the Chicago commodities firm. Unlike the majority of Soviet-foreign joint enterprises (legally, Commersant is considered a "joint project" rather than a "joint venture") the returns have been immediate.

After five months of publication, circulation has soared to 350,000, says Mr Yakovlev, and earnings are at around Rbs300,000 a month. A special summit issue is being distributed to advertise an expanded US edition of the weekly, to be published in Chicago and beginning in September.

The unabashedly capitalistic Mr Yakovlev is as anxious to unravel the mysteries of the "shadow economy" (where, as an out-of-work progressive journalist, he embarked on an involuntary seven-year business course) as to air his worries about a "social explosion" resulting from the Government's proposed market reforms.

Weekly Commersant features include joint venture news; government projects, legislation and documents; Soviet political analysis; news of trade fairs and Moscow visits; and even the nation's seven-day weather forecast.

Mr Yakovlev says he employs a wide variety of sources: the paper's writers include economists, entrepreneurs, dissidents, even former employees of the Communist Party Central Committee, but only two professional journalists, himself included.

"We have found it is impossible to retrain Soviet journalists," he says. "It is much easier to retrain economists to write." But the economists, too, had to be retrained. They had been taught to evaluate the value of an enterprise to the Soviet economy. "But they could not tell me if a business would make a profit."

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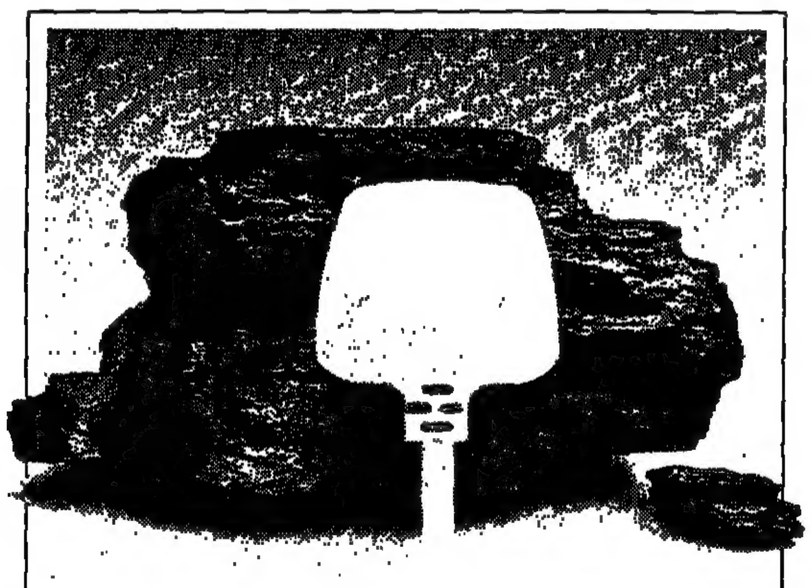

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WAKE UP TO THE NEW AGE OF

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Saddam Hussein moves one step closer to a regional role

Success at the Arab summit in Baghdad has enhanced the Iraqi leader's status, write Tony Walker and Lamis Andoni

LONG BEFORE Arab rulers concluded their three days of deliberations in hot and dusty Baghdad this week, delegates were referring to the gathering of kings, emirs, sheikhs, military dictators and traditional leaders as "Saddam's summit".

In the end the quiet dominance of proceedings by the Iraqi President, Mr Saddam Hussein, was the Arab League summit's most conspicuous element. There is little doubt that the event enhanced his leadership role in Arab forums.

The question being widely canvassed in Baghdad and in other Arab capitals is whether the confrontational Mr Saddam Hussein – Saddam means in fact "one who confronts" – is in the process of realising his broader regional leadership ambitions.

On the evidence of this week, he made further progress towards achieving that goal, although he faces powerful countervailing forces in Egypt and Syria.

The Iraqi President stamped his authority on the summit from the beginning with a tough opening address that more or less set the tone for the final resolution that condemned US support for Israeli "expansionism".

But much more important, in the view of delegates, was the manner in which Saddam Hussein conducted proceedings as the summit chairman.

He was given credit for helping to marry the two competing summit trends, represented by Egypt's pro-American moderation, and Iraq's own demand that Arab rulers make clear their displeasure with the US over the issues of Soviet Jewish immigration to Israel and the right of the Arabs to secure advanced Western technology.

The ruthless dictator, the strongman, the leader of a country with one of the world's worst human rights records, was shown in a different guise this week: that of a potential Arab statesman backed, as he is, by the largest standing army in the Middle East and a capacity to strike at Israel with an arsenal of war-tested missiles.

The fact that Iraq's proven oil reserves measure more than 100bn barrels – second only to those of Saudi Arabia – further enhances Iraq's stature in the Arab world.

Observers believe the Baghdad summit, the first such gathering to be held in the Iraqi capital since before the 1980-88 Gulf War, may come to be regarded as something of a watershed in Mr Saddam Hussein's attempts to extend his regional influence.

Arab rulers, such as King Fahd of Saudi Arabia and President Hosni Mubarak of Egypt, were obliged to attend a summit meeting that they did not want in the first place, and one that was being hosted by a man about whom the moderates hold grave reservations. Their main fear, and this emerged strongly in sometimes heated closed-door discussions, is that a more confrontational approach to the US and Israel will push the region towards war and chaos.

But with sentiment rising in an increasingly fractious Arab world about the dangers posed to regional stability, and Jordan in particular, by the mass influx of Soviet Jews to Israel, the moderates faced a difficult task convincing their colleagues that now was the time to mute their remarks.

Egypt's arguments that careful, quiet diplomacy aimed at preserving American support for peace efforts – that the US did indeed have the Arabs' best interests at heart – were given fairly short shrift.

More appealing to the majority was Mr Saddam Hussein's contention that peace could only be achieved with strength, and that relations with the US should be governed by mutual benefit rather than some vague hope that Washington would deliver Israel trussed and bound at the altar of a still far-off Middle East peace settlement.

Iraq's leader received strong support from King Hussein of Jordan, who expressed deep concern not only about dangers facing his own kingdom from a renewed Jewish settlement drive in the West Bank, but also about the threats posed to Arab security by changes in the Soviet Union.

A militant sounding Hussein warned that the end of the Cold War, rather than improving prospects for a peace settlement, made the situation more dangerous, since Moscow was no longer in a position to balance the US and Israeli role in the region.

The PLO, which played a less conspicuous role than might have been expected at a summit that it had initiated over the issue of Soviet Jewish immigration, expressed satisfaction with the outcome. Hani al-Hassan, a senior adviser to Yasser Arafat, the PLO chairman, said the summit resolution marked the beginning of a "realistic revolutionary trend" that rejected the idea that the Arabs' fate was tied to the US, which alone could influence Israel.

"Experience has taught us that you have to show a strong will in order to achieve your ends," he said. This observation squares with Mr Saddam Hussein's arguments that the elusive dream of Arab solidarity and strength is the only way to achieve progress towards peace.

Australia's foreign debt rises to A$123bn

By Kevin Brown in Sydney

AUSTRALIA'S net external debt rose by 5.3 per cent to A$123.5bn (£56bn) in the March quarter – a piece of bad economic news which contrasted strongly with unexpectedly robust growth figures announced on Wednesday.

The Bureau of Statistics said foreign borrowing increased to A$156.3bn from A$147.8bn in the December quarter, but the increase was offset by a rise from A$30.5bn to A$32.7bn in lending abroad by Australians.

Analysts said there were no surprises in the figures, which reflected currency movements and the worsening deficit on the current account of the balance of payments, which is likely to top A$20bn for 1989/90.

Net foreign debt has risen by 48 per cent since 1986/87, and is now equivalent to nearly 34 per cent of GDP. Economists differ over the importance of the debt, which is lower than that of a number of other developed countries, including Ireland, New Zealand, Greece, Iceland and Denmark.

However, only New Zealand has a higher ratio of debt interest to export receipts, the measure generally regarded as the best indicator of a country's ability to sustain interest payments.

The further increase in the debt coincided with a record low in the respected Westpac-Melbourne Institute index of consumer sentiment, which fell 2.7 points in May to 70.6.

The index has now declined by 14 points since February as gloom about economic prospects mounts.

"Consumers are picking up on what the various economic and leading indicators have been saying for some time – that is that the economy is in a down-swing," said Mr Bob Graham, Westpac chief economist.

Both the index and the debt figures contrast strongly with real growth in GDP of 1.8 per cent in the March quarter, announced on Wednesday. That unexpectedly robust performance is thought unlikely to be repeated in the current quarter.

Pay dispute at S African mines

SOUTH Africa's biggest union and major mining companies have declared themselves in dispute in their wage negotiations for gold and coal mineworkers, AP reports from Johannesburg.

They will have to seek arbitration before further action, such as a strike, can be considered.

The deadlock in negotiations occurred on Wednesday, according the National Union of Mineworkers, which represents nearly half of the country's 600,000 black miners. The Chamber of Mines, representing the largest mining houses, offered wage increases ranging from 13.5 to 16 per cent, while the union demanded increases of 20 to 32 per cent.

Israel steps up pressure on US to cut links with PLO

By Hugh Carnegy in Jerusalem and Lionel Barber in Washington

ISRAEL'S caretaker Likud Government yesterday stepped up its calls on the US to break off links with the Palestine Liberation Organisation following Wednesday's seaborne attack by Palestinian guerrillas, which was thwarted by Israeli troops.

Israeli ministers and officials insisted that the action, launched by the Palestine Liberation Front, a faction of the PLO, proved their assertion that the PLO was still committed not just to terrorism, but to Israel's destruction.

The view from Washington yesterday was that the Bush Administration viewed the attack as an act of terrorism which placed its dialogue with the PLO in the balance. But US officials said that any decision to sever contact with the PLO would rest with President Bush because of its implications for US-sponsored peace efforts in the Middle East.

The US-PLO dialogue – which Israel opposes vehemently – was opened by the Reagan Administration in December 1988 and is integral to the US policy of approaching the Middle East and the Palestinian issue in a more even-handed manner. It is conditional on the PLO's renunciation of terrorism and its recognition of Israel's right to exist.

The State Department's definition of terrorism is "premeditated, politically motivated violence perpetrated against non-combatant targets by sub-national groups or clandestine state agents usually intended to influence an audience."

The Israeli Government yesterday quickly sought to turn the attack to its advantage. The fact that the PLF is led by Mr Mahmoud Abbas, or Abu Abbas, a PLO executive committee member once wanted by the US on charges of having masterminded the 1985 hijack of the Achille Lauro cruise ship, in which a crippled American was murdered, gave the Israelis extra ammunition.

So too did the coincidence of the attack with the Arab summit in Baghdad, which sharply condemned the US for backing Israel and its role in helping to fund Soviet Jewish immigration to Israel.

A break in the US-PLO dialogue would be a significant reversal for Washington's already beleaguered efforts, in concert with Egypt, to establish peace talks between Israel and the Palestinians. When the US-PLO link began, it was a severe jolt for Israel, which, officially at least, said the PLO was an obstruction, not a conduit, to peace.

However, there were important shades of opinion within the coalition between the Likud and Labour parties then in power. While Mr Yitzhak Shamir, the Prime Minister, and Likud publicly attacked the dialogue, others, especially in the Labour Party, quietly regarded it as a useful way of bridging the gap between Israel and the PLO.

The tortuous progress to talks stalled in mid-March when the Likud-Labour coalition broke up over the issue. Likud says removing the PLO from the picture would enhance peace prospects.

But most Labour supporters – not to mention the US administration and Egypt – believe reviving talks in the wake of recent violent events in the Middle East, and deepening tension between Israel and the Arab world, would be hard enough without cutting off the link between the PLO and Washington.

Chinese dissidents (from left) Hou Dejian, Zou Duo, and Gao Xin, vanished yesterday just as they were about to hold a press conference calling for democracy activist and fellow Tiananmen Square hunger striker Liu Xiaobo to be freed. Reporters arrived at Hou's home to find men wearing police trousers with a letter from Hou saying he had "personal business" and would not hold the conference. The government has warned against attempts to mark Monday's Peking massacre anniversary.

'Urgent' migration plan needed

By Hugh Carnegy

THE Governor of the Bank of Israel yesterday called on the Government for an urgent, comprehensive economic plan to deal with the huge inflow of Soviet Jewish immigrants, just as a radical stabilisation programme was adopted in 1985 to tackle runaway inflation and gaping budget deficits.

Adding his voice to a recent chorus of concern that the lack of a proper government since mid-March was delaying vital action on the issue, Prof Michael Bruno said the immigration – set to top 150,000 this year – should be treated as a national emergency.

"We must re-examine the structural problems of the economy and national priorities with a completely different sense of urgency and emphasis," he said in remarks to accompany the central bank's annual report. "If we fail to act with sufficient speed and intelligence, we could lose an historic opportunity."

Mr Bruno said the virtual recession that has beset the Israeli economy since late 1987 had not ended, as expected, in the early part of this year. But the resumption of economic activity was "only a matter of time" because of the demand effect of immigration.

He said the country could afford some increase in its balance of payments deficit and in the budget deficit – if extra spending went on real investment that fuelled sound long-term growth.

However, he stressed that government action to absorb immigration must not undermine the task begun in 1985 of fighting inflation and reforming the state-heavy economy. He said the defence budget should not be spared in rigorous spending cuts needed to stop extra expenditure causing fiscal instability.

Japan brings together Cambodian enemies

By Stefan Wagstyl in Tokyo

ATTEMPTS by Japan to help end the 11-year conflict in Cambodia begin tomorrow with the arrival in Tokyo of Prince Norodom Sihanouk, the Cambodian resistance leader, for talks with Mr Hun Sen, Cambodia's prime minister.

The meeting has been sponsored by Japan in one of its first significant political initiatives in east Asia. Japan is keen to promote itself as a political as well as an economic power in the region but opportunities to do so have been rare.

Mr Masaharu Kohno, a Ministry of Foreign Affairs official, said: "If this meeting is a stepping stone [to peace], that will be enough for us."

The peace efforts involve trying to end the fighting between Hun Sen's government forces and three resistance groups – the Chinese-armed communist Khmer Rouge, a faction loyal to Prince Sihanouk, and another aligned with Mr Son Sann, a former Cambodian prime minister.

Mr Khieu Samphan, the Khmer Rouge leader, and Mr Son Sann are both bringing delegations to Tokyo but it is not clear what role they will play. The Vietnamese-backed regime in Phnom Penh is opposed to talking directly with the Khmer Rouge, even though it controls the largest of the resistance armies.

The factions agreed a truce on Saturday, to begin on Monday when the talks start. But similar agreements have made little difference to the fighting in the past because the factions differ on how to manage the aftermath of a ceasefire, including arrangements for holding elections.

Japanese officials admit they are taking a risk in becoming embroiled in the long-running efforts to find peace in Cambodia. They risk embarrassment if either side walks out of the talks, as could easily happen given Phnom Penh's hatred of the Khmer Rouge.

S Korea to hold talks in US on easing tension

By John Ridding in Seoul

SOUTH KOREAN President Roh Tae-woo said yesterday his talks with Soviet President Mikhail Gorbachev next week were aimed at ending hostility on the divided Korean peninsula.

Mr Roh will fly to San Francisco for talks on Monday with Mr Gorbachev, the first between the leaders of the two countries. The meeting reflects the rapid improvement of bilateral ties and represents an attempt to ease tensions on the Korean peninsula which have remained high since the Korean war.

The Soviet Union, which equipped communist North Korean forces during the war, has been one of Pyongyang's principal supporters, while the US has maintained a strong military presence in South Korea. The two Korean states have never signed a formal peace treaty.

Mr Roh will also meet President Bush to discuss the results of their meetings with the Soviet leader.

Mr Roh and Mr Gorbachev will discuss ways of establishing peace and security on the Korean peninsula, the development of rapidly expanding economic links, and the normalisation of diplomatic relations.

Analysts believe that full diplomatic ties could be established by the end of the year. Last year the two countries exchanged trade offices which also conduct consular functions, and earlier this year South Korea sent a delegation to Moscow to discuss the establishment of full diplomatic relations.

There were also newspaper reports yesterday that Seoul was considering making a $4bn loan to the Soviet Union.

In addition, financial institutions in the two countries would be allowed to exchange branches and a direct telecommunication line would be established between Seoul and Moscow, the reports said.

Economic links between South Korea and the Soviet Union have grown strongly. Last year, bilateral trade more than doubled to almost $600m, while South Korean companies have announced a series of investment projects in the Soviet Union.

These include a large petrochemical project in the Soviet Far East to be built by Hyundai Group, one of Korea's largest conglomerates, and Combustion Engineering of the US.

The meeting between Mr Roh and Mr Gorbachev is the most significant step in South Korea's policy of Nordpolitik - the establishment of relations with socialist countries in an attempt to ease tensions on the Korean peninsula.

Since the policy was launched in 1988, Seoul has established relations with eight allies, or former allies, of Pyongyang.

Direct attempts by North and South Korea to improve relations have had little success. But there have been signs of improved relations between North Korea and the US. Earlier this week, North Korea handed over the remains of US troops killed in the Korean war for the first time in over 30 years.

At the same time, relations between Moscow and Pyongyang have deteriorated.

The Soviet Union has reportedly cut its economic assistance to Pyongyang, including a reduction in oil supplies, while Soviet media have carried a number of reports criticising the regime of Kim Il Sung.

Earlier this week, North Korea expelled a Soviet journalist.

Police fire tear gas on demonstrators in Kaduna

POLICE fired tear gas in Kaduna at about 5,000 demonstrators marching to demand the release of several Christian leaders detained since an abortive coup April 22, Lagos newspapers reported yesterday, AP reports from Lagos.

The reports said police moved in on Wednesday as the marchers approached the state governor's office in Kaduna, the centre of the country's largely Moslem north.

The marchers carried a letter signed by Roman Catholic Archbishop Peter Jatau that said: "We have held our calm up until now acting under the impression that given the abortive coup, our leaders' arrest could have been motivated by panic and tension.

"However, since we have responsibilities for our leaders in the faith, we caution that we will use every means within the laws of our land to find solutions to their illegal detention."

The Christian leaders and some journalists and university professors were detained after middle-ranking officers tried to overthrow President Ibrahim Babangida. He barely escaped in time to call in reinforcements to put down the revolt.

The rebel leaders said they were acting to halt domination of the country by Moslem northerners. Since independence from the UK in 1960, ethnic, religious and regional tensions have often erupted into violence in Nigeria, which has a population of 115m and is Africa's most populous nation.

This announcement appears as a matter of record only

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NOTICE OF ANNUAL GENERAL ASSEMBLY OF SHAREHOLDERS

Please take notice that the Annual General Assembly of Shareholders of Fidelity Australia Fund N.V. (the "Corporation") will take place at 10:00 a.m. at 16-A Pietermaai, Willemstad, Curacao, Netherlands Antilles, on June 19, 1990.

The following matters are on the agenda for this meeting:

1. Approval of the Report of the Management.
2. Election of the following persons as Managing Directors:

Edward C. Johnson 3d — Harry G. A. Seggerman
Charles T. M. Collis — H.F. van den Hoven
Charles A. Fraser — Corporate Trust N.V.

3. Approval of the financial statements of the Corporation for the fiscal year ended February 28, 1990.
4. Ratification of actions taken by the Managing Directors since the last Annual Assembly of Shareholders.
5. Ratification of actions taken by the Investment Manager since the last Annual General Assembly of Shareholders.
6. Such other business as may properly come before the assembly.

Bearer Shareholders may obtain a form of proxy and related documents from:

Fidelity International Limited, P.O. Box HM 670, Hamilton HMCX, BERMUDA

Fidelity International (C.I.) Limited, 40, The Esplanade, St. Helier, Jersey, CHANNEL ISLANDS

Compagnie Fiduciaire, 5, Boulevard de la Foire, LUXEMBOURG

Fidelity International Management Holdings Limited, Oak Hill House, 130 Tonbridge Road, Hildenborough, Kent TN11 9DZ, ENGLAND

Holders of registered shares may vote by proxy by mailing a form of proxy to the following address:

Fidelity Australia Fund N.V.
c/o Corporate Trust N.V.
16-A Pietermaai, Willemstad
Curacao
NETHERLANDS ANTILLES

Holders of bearer shares may vote by proxy by obtaining from the institutions listed above a form of proxy, certificate of deposit and receipt for bearer share certificates for their shares and mailing the proxy and certificate of deposit to the Corporation at the address set forth in the preceding paragraph. Alternatively, holders of bearer shares wishing to exercise their rights personally at the Assembly may deposit their shares, or a certificate of deposit therefor, with the Corporation at 16-A Pietermaai, Willemstad, Curacao, Netherlands Antilles, against receipt therefor, which receipt will entitle said bearer shareholders to exercise such rights.

All proxies (and certificates of deposit issued to bearer shareholders) must be received by the Corporation no later than 9:00 a.m. on June 19, 1990, in order to be used at the Assembly.

Approval of all the items of the agenda will require the affirmative vote of a majority of the votes cast at the Assembly.

Dated: May 22, 1990

By order of the Management
Charles T. M Collis
Secretary

MACQUARIE BANK LIMITED

US$ 20,000,000 Subordinated Floating Rate Bonds Due 2000

In accordance with the terms and conditions of the above-mentioned securities, notice is hereby given that for the six months period from May 31st, 1990 to November 30, 1990 the securities will carry an interest rate of 9 1% (including the margin of 0.8%).

The coupon amount payable on November 30, 1990 will be US$ 46.26 per coupon for US$ 1,000.- denomination Bonds and US$ 462.58 per coupon for US$ 10,000-denomination Bonds.

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Interest Period	31st May 1990 / 29th June 1990
Interest Amount due 29th June 1990 per £ 5,000.00 Note / £50,000.00 Note	£ 60.40 / £604.03

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Coupon No. 2 due from May 29, 1990 to November 29, 1990 will be payable from November 29, 1990 at the rate of 11,85%

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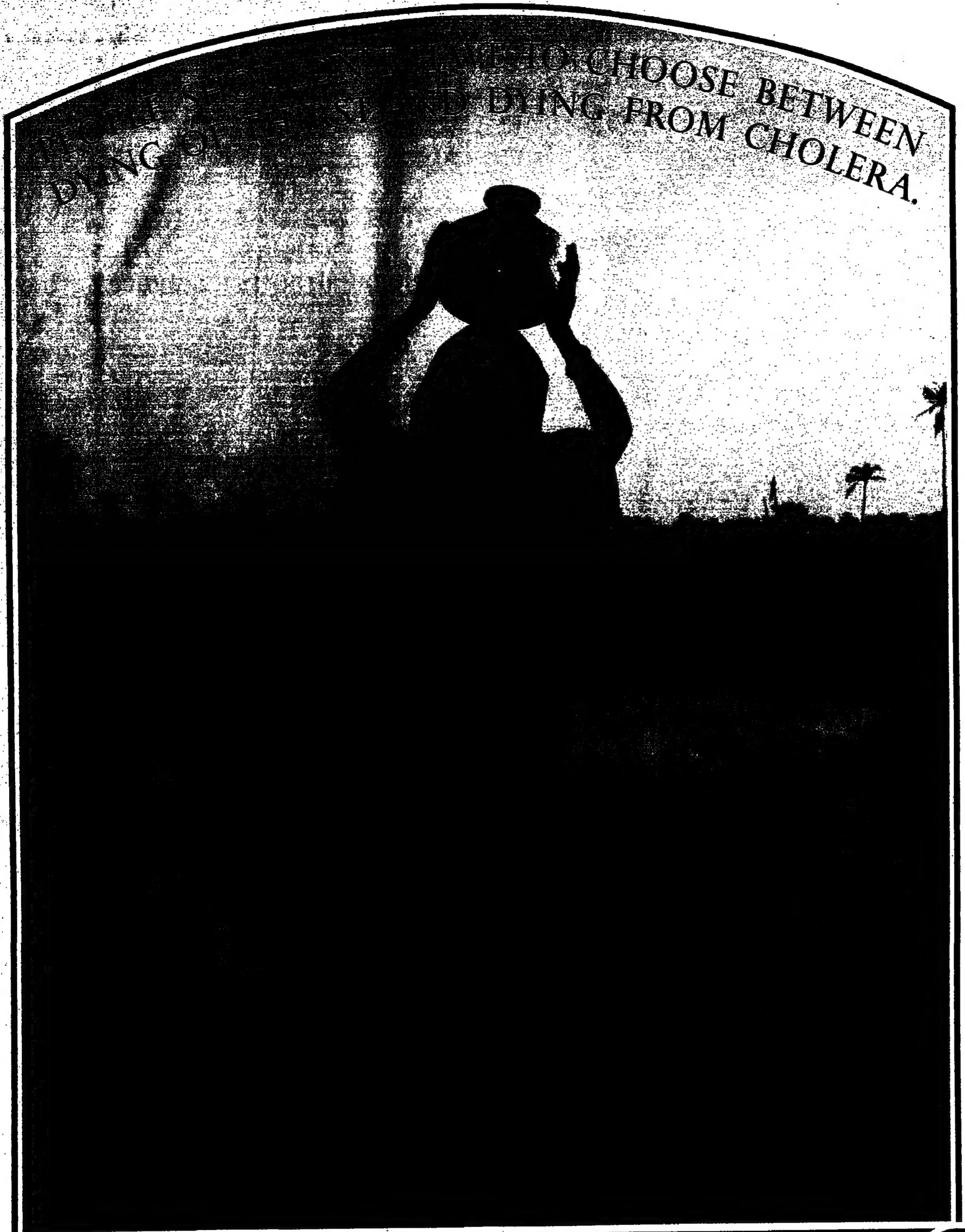

Over a million people die from cholera and typhoid every year, both diseases contracted by drinking infected water. But now ICI is working on an advanced water filter so fine it will be able to trap the bacteria responsible. Which should help provide the developing world with more water that gives life instead of taking it.

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Ford says pay award is reaching 'alarming' size

By John Gapper, Labour Editor

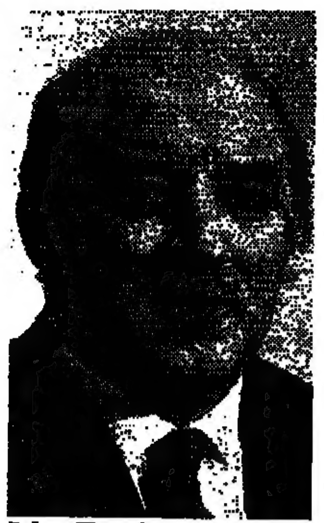
FORECASTS in the rise in inflation mean that the pay settlement at Ford Motor Company is "beginning to assume alarming proportions," Mr John Hougham, the company's executive director for personnel, said yesterday.

Ford, which is the UK subsidiary of the US manufacturer, is facing a settlement of above 11 per cent from November 1 because it agreed earlier this year that the second year of a two-year deal would be either 8 per cent or the retail price index rise in October, plus 2.5 per cent.

Current forecasts of the rise in the RPI in October range between 8 and 10 per cent, which would mean Ford would have to pay its 43,000 workers in 21 UK plants at least 10 per cent and probably significantly more.

Mr Hougham's comments at a conference in London are a further indication of the pressures facing managers on pay due to the rise in inflation.

The Co-operative Union has also revised a pay offer to some 70,000 staff because of a rise in



John Hougham: inflation forecast concerns

inflation forecasts.

He said managers believed when the settlement was agreed with the joint unions in January that inflation plus 2.5 per cent was likely to be a higher figure than 8 per cent, but the company had not anticipated how high.

Speaking about the protracted strike by electricians within Ford following the official acceptance of the offer, Mr Hougham said the company had not expected to be able to run its operations as smoothly without electricians.

But it had been able to maintain operations at plants except at Halewood, Merseyside and Southampton because other unions had instructed members to cross picket lines and allowed the company to use contract electricians.

● Speaking at the same Institute of Personnel Management conference, Mr Michael Howard, Employment Secretary, said he expected the Government to support a third of the European Commission's 47 proposals for social legislation.

On another third, the Government had no view because there was not enough information. He said there remained "a substantial number which we believe are contrary to the principle the Community itself has agreed."

Environmentalists act against substances threatening ozone

By John Hunt, Environment Correspondent

A CAMPAIGN to persuade hundreds of companies to phase out the use of substances contributing to the destruction of the ozone layer will be launched tomorrow by Friends of the Earth, the environmental organisation.

Local branches of the organisation will seek out the names of companies still using certain types of industrial solvents employed mainly for cleaning purposes and as adhesives. If the companies decline to phase them out FoE intends to publish their names locally for still using "hidden ozone destroyers."

More than 80 governments are committed to phasing out by the year 2,000 the main ozone depleters, CFCs (chlorofluorocarbons), which have been used in aerosols.

But FoE is now targetting ozone depleting substances still in use such as CFC 113, carbon tetrachloride and methyl chloroform which is sold under the name 111 trichloroethane. Industrial uses include cleaning printed circuit boards and gyroscopes.

The main target is 111 trichloroethane. FoE has named it "Public Enemy 111" and is asking the public to boycott all products- such as pesticide and household aerosols – containing it. Ms Fiona Weir, air pollution campaigner for FoE, said yesterday its rapid phase-out was the key to reducing the size of the Antarctic ozone hole. The risks to the ozone layer of prolonging its use were "unacceptably high". ICI is the only manufacturer in the UK, while Dow and Atochem supply from overseas. It is used in metal cleaning (78 per cent), adhesives (10 per cent) and electronics (4 per cent).

According to FoE, ICI has opposed regulations to phase it out and has urged its customers to lobby MPs and the Departments of Environment and Trade and Industry in order to retain it.

Mr David Gee, director of FoE, said thinning of the ozone layer would have extremely unpleasant effects. In addition to contributing to global warming it would cause am increase in cataracts and skin cancer and weaken the body's immune response.

● The pressure group, Parents for Safe Food, yesterday called for "green farming" as part of a campaign to back the launch of the European Consumers' Pesticides Charter which calls for to control chemical residues in food and water.

Businesses demand an improved mail service

THE Mail Users' Association, which represents 500 UK businesses, yesterday called for improvements to postal services after a survey showed delivery targets were not being reached.

The poll showed an improvement in deliveries of first class mail which should arrive the same or next day after posting. The proportion arriving within these targets increased from 72.5 per cent last year to 77.2 per cent. The proportion of second class mail meeting the deadline of delivery to its destination by day three, was 78.4 per cent.

Mr Julian Blackwell, who is chairman of both the Association and Blackwells, the private publishers and booksellers, pointed out that the figures were still well below the old national target of 96 per cent. He said the service was still not good enough.

The Post Office disputes the figures, however. It says that the MUA survey, which polled 15,830 letters, was not representative. Research the Post Office User's National Council, the Post Office watchdog, which samples 258,000 letters a year, shows that about 80 per cent of first class mail arrives on time, and 95 per cent of second class mail.

The MUA survey suggested there are wide discrepancies delivery rates in different parts of the country. Most letters posted in Manchester and Northampton in the study arrived within Post Office targets. But there were significant problems in the south, particularly in Kingston, Swindon and Milton Keynes.

"These figures continue to disappoint," said Mr Julian Blackwell. "Business mail users expect delivery targets to be met."

Mr Blackwell called on the government to allow businesses to be allowed to deliver letters directly to local sorting offices.

A Post Office spokeswoman said the organisation had achieved a three per cent improvement in deliveries last year. She said, however, that it was not complacent. It is investing £1.2bn in new infrastructure and technology over the next five years.

US car maker revamps corporate identity of British subsidiary

General Motors seeks clean image

By John Griffiths

GENERAL MOTORS is launching a wide-ranging "clean-up" of its confusing corporate identity in the UK.

Key elements include the dropping of the Bedford name from all light commercial vehicles in favour of the Vauxhall name – currently applied only to cars – and new livery and showroom design schemes for all 630 vehicle dealers

Vauxhall Motors, GM's UK subsidiary based in Luton north of London, said yesterday that a new logo and green-grey livery "will be applied uniformly across everything associated with Vauxhall, from stationery to transport fleets and buildings".

The aim is to focus consumer attention entirely on the Vauxhall name.

GM's own blue logo will appear only discreetly, and "in business settings", a spokesman said yesterday.

Currently, Vauxhall's dealers display multiple signs showing Vauxhall-Opel-Bedford-GM.

This is despite the fact that the Opel marque has not been sold in the UK since the early 1980s, when a policy decision was taken to badge all cars sold in the UK as Vauxhalls.

The GM subsidiary also did not endear itself to dealers by adopting a tongue-mangling term for its after-market parts business – GMSPO (for General Motors Service Parts Operations). This has already been changed to Vauxhall Parts.

The new identity is based around a revised, circular Vauxhall logo, but which retains the griffin that has been Vauxhall's trademark since the 1920s, and which was inherited from the Vauxhall Iron Works founded in 1857.

Dealers are being required to fund the changes to their own premises. Mr Peter Batchelor, executive director, sales and marketing, indicated that they would be extensive.

The aim is better to reflect Vauxhall's current success in the marketplace, where it has overtaken Rover Group to become the second biggest-selling manufacturer – behind Ford – with a market share of around 17 per cent.

The Bedford name may not disappear entirely from the UK, however.

Vauxhall is currently negotiating with AWD, which bought the Bedford heavy trucks operation from GM in 1987, on giving AWD the right to use the Bedford name on its trucks in the UK.

Under the terms of the 1987 sale, AWD can use the Bedford name on military and export trucks, but has had to use the AWD badge in Britain.

Regional airports announce business plans

By Paul Abrahams and David Boggis

DEVELOPMENT schemes at three UK regional airports were announced yesterday, highlighting the growing importance of airports outside the south-east of England.

The schemes, at Newcastle upon Tyne, Liverpool and Southampton, are the latest in a series of developments at regional airports throughout Europe involving business parks.

At Newcastle, north-east England, plans were revealed for a £750m business and leisure complex near the airport, which could create 15,000 jobs.

European Land, which is developing the project, plans a 1,120-acre country park and business development.

Meanwhile, Southampton airport is to be extensively redeveloped, with a business park and a commercial development that will be worth an estimated £300m and create almost 4,000 jobs.

The airport belongs to Southampton Eastleigh Airport Developments, a joint venture between Mr Peter de Savary's Highland Participants Group, a property and ship repair group, and London and Edinburgh Trust, a property concern.

Under the plan, a business park will be constructed on 43 acres of unused land at the north-east end of the airfield, and offices and a hotel on 35 acres adjacent to the present terminal. A new terminal will replace the existing one.

In a separate development, British Aerospace announced that it has formed a new company to pursue its plans to develop Liverpool airport. The company, called BAe (Liverpool Airport), yesterday took a 76 per cent stake in Liverpool airport worth £12m. At the same time, the company acquired long-term leases on 450 acres next to the airport for business development and options on a further 500 acres.

BAe plans to create a £1.2bn transatlantic gateway to Europe capable of handling 40m passengers and about 200,000 flight movements a year by 2005. The company believes that there will be considerable demand for such an airport, given expected growth in European air travel of 6 per cent per annum and the increasing congestion at important hubs.

Government blocks bid for newspaper takeover

By Robert Rice, Legal Correspondent

A PROPOSAL by Mr David Sullivan, publisher of the Sunday Sport and The Sport, to take a controlling interest in the Bristol Evening Post newspaper group has been blocked by Mr Nicholas Ridley, the Trade and Industry Secretary, after an investigation by the Monopolies and Mergers Commission.

Mr Ridley yesterday accepted the MMC's recommendation that transfer of a controlling interest in the group to Mr Sullivan "may be expected to operate against the public interest."

The MMC's report concluded that Mr Sullivan could be expected to influence editorial policy. It was thought that this would harm the accurate presentation of news, the free expression of opinion and the standing of the newspapers in their community.

Mr Sullivan, whose other interests include a number of "adult," sexually orientated magazines and services, had no comment to make yesterday on the Secretary of State's decision.

'Shoot to kill' drama will not be screened in Ulster

By Our Belfast Correspondent

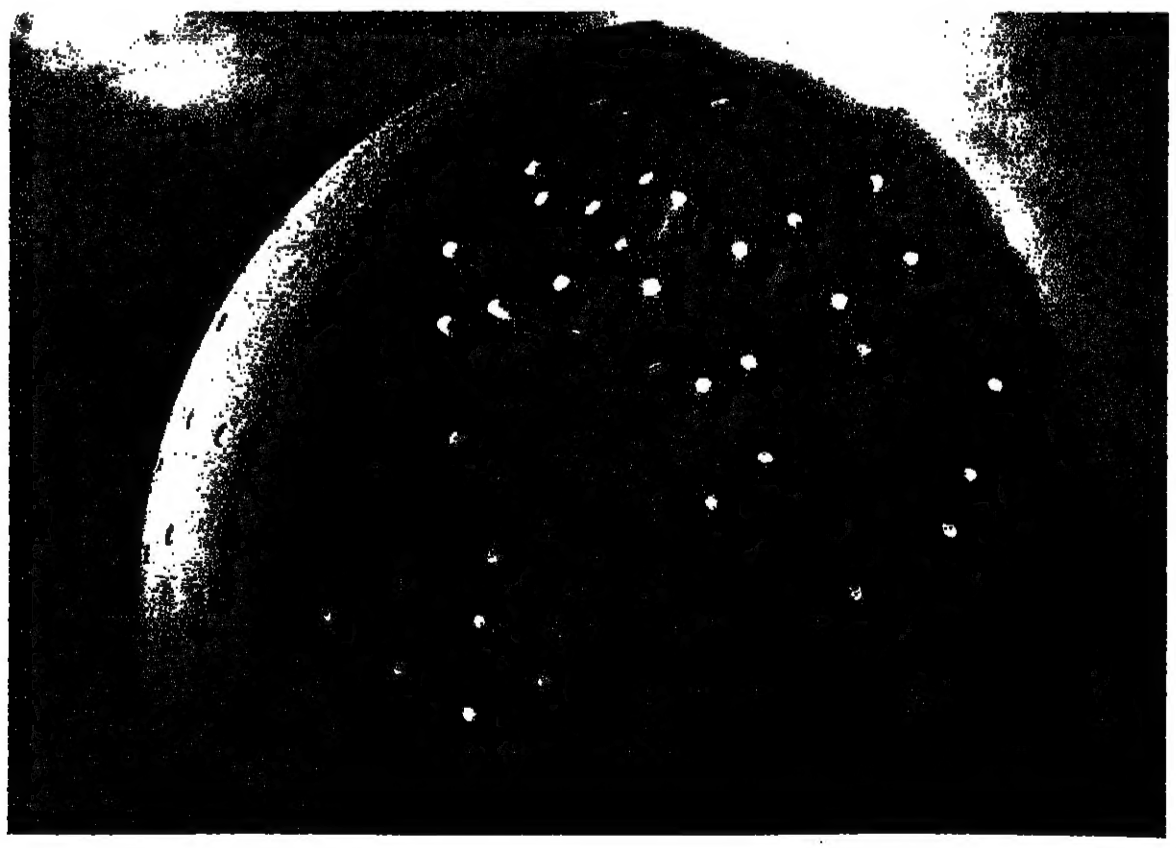
A CONTROVERSIAL new television programme based on allegations that the Royal Ulster Constabulary operated a shoot-to-kill policy in the province in the early 1980s will not be shown in Northern Ireland, it was disclosed yesterday.

The two-part drama documentary series "Shoot to Kill", produced by Yorkshire Television, was cleared by the Independent Broadcasting Authority and was due to be transmitted on all ITV regional networks on Sunday and Monday.

But yesterday a spokesman for Ulster Television said: "After consultations with our lawyers, we have been advised that it would be contempt of court for us to go ahead with the broadcast."

The four hour programme investigates the RUC killings of six unarmed men in County Armagh in 1982 which two years later led to an enquiry by the former Deputy Chief Constable of Greater Manchester, Mr John Stalker into a so-called shoot-to-kill policy.

LE CLUB
by Keiichi Tahara.



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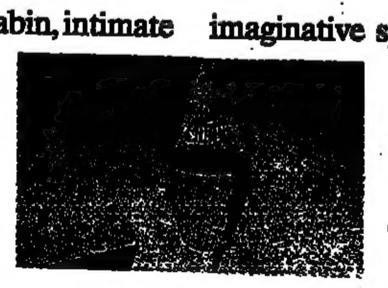

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UK NEWS

Virgin moves in on Japanese retail market

By Raymond Snoddy

MR Richard Branson's Virgin Group is taking its megastore retail concept to Tokyo in a joint venture with Marui, one of Japan's largest retail chains.

The two companies are forming Virgin Megastores Japan as a 50-50 joint venture and aim to open in the autumn a Tokyo megastore with more than 1,000 square metres of trading space devoted to music, videos, games, books and clothing for the youth market.

Marui, which was considering opening its own record store, will provide the building and Virgin will pay for the refitting.

If the project is a success the partners are talking of up to 18 megastores in Japan, most of them through taking over a floor in some of Marui's 33 large department stores.

There are also plans to develop a range of retail products with the Virgin brand name.

The joint venture with Marui is a further consolidation of Mr Branson's interests in Japan, where last year he was found to be the best known foreign businessman, according to an independent poll in the Tokyo area.

Last year following Virgin's 1988 decision to take the company private again after an unhappy period as a quoted company Fujisankei Communications took a 25 per cent stake in the Virgin record companies in return for £100m in cash.

A year ago the Virgin Atlantic airline launched a nonstop service from London to Japan and the company is claiming load factors as high as 90 per cent.

"One novel feature of the new megastore will be the presence of the first Virgin Atlantic Airways Japanese booking office on the trading floor," Mr Branson says.

Apart from the UK there are now Virgin megastores in Dublin, Paris, Marseilles, Sydney and Melbourne with new stores, Virgin says, planned for 14 European cities.

Total revenues of Virgin Retail are now over £150m and the company believe this should double by 1992.

Mild winter hits British Gas profits

By David Owen

THE warmest winter in living memory has stalled profits growth at British Gas.

The company yesterday reported that pre-tax profits for the year to March 31 1990 were flat at £1.05bn on a current cost basis. Turnover increased by 6 per cent to £7.98bn (£7.53bn).

The company nevertheless unveiled a 16.7 per cent advance in its full year dividend to 10.5p (9p), with the recommendation of a final payment of 7.3p. "We looked at the flow of profit we expect over the next five years and this seems to us a position we could hold", according to Mr Robert Evans, chairman.

This proved insufficient to support the share price which slipped 3p to close at 217½p. Earnings per share rose a pedestrian 8.8 per cent to 16.0p.

The company said that the unseasonably warm weather had depressed gas sales volumes by an estimated 1.5bn therms, reducing profits by some £250m. "We have had the warmest winter for 300 years", said Mr Evans. "I am not expecting that next year. The impact of the greenhouse effect is likely to be extremely small over the next four to five years."

The underlying trend at normal temperature, however, was an increase of some 2.5 per cent in sales volume, the group said. Income from gas supply improved 4.1 per cent to £6.31bn.

ICI awarded right to buy its own electricity supplies

By Maurice Samuelson

IMPERIAL Chemical Industries, one of Britain's largest companies, has become the first private industrial company in the country to be awarded a licence to buy its own electricity in the newly privatised national electricity market.

ICI will buy power from the National Grid's trading pool under a so-called second tier licence, awarded by the Office of Electricity Regulation, (Offer), the electricity industry's regulatory authority.

ICI, which uses about 1,000MW of power, is the country's second largest industrial electricity consumer after British Steel.

Unlike British Steel, British Coal and a number of other big industrial users, however, it has failed to conclude supply contracts with National Power or PowerGen, the large-scale generating companies, which have been successfully quoting lower prices in order to snatch this business from the 12 electricity distribution companies of England and Wales.

ICI has apparently been excluded from such direct contracts deals because of the quotas on them designed to protect the distribution companies from the impact of a rapid introduction of outright competition.

On starting to exercise its second tier licence, to be announced early next week by Offer, ICI will automatically become a member of the tradiong pool and buy power at the half-hourly prices under which the distribution companies also take their supplies.

Like them, it may also protect itself against the volatility of the pool prices by taking out a separate option contract, probably with one or both of the big generating companies.

According to generating company officials, power purchased by ICI in this way would be outside the quotas set for the generators' direct contract business with large-scale users. It was not clear last nighht whether this is a view also held by the distribution companies.

The second tier licence will enable ICI to supply some of its biggest industrial sites in Cheshire, the north-east, South Wales, Lancashire, Yorkshire and Avon.

The two largest, at Runcorn, Cheshire, north-west England and at Wilton, Teesside, in the north-east, consume about 400MW of electricity each for round the clock chemical processes, which require large amounts of power.

Before exercising the licence, ICI will have to give notice to its existing suppliers, the local distribution companies.

British beef market recovering

By Jimmy Burns

THE FRENCH decision to ban imports of British beef has come at a time when the market in Britain is showing signs of recovery following the recent downturn resulting from fears about "mad cow disease".

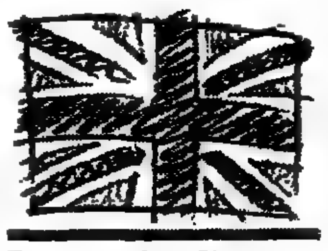
The Meat and Livestock Commission said yesterday that the number of cattle sent for auction on Wednesday was 42 per cent up on the previous week and that the price was up 2.32p per kilogramme.

Mr Vic Robertson, a commission spokesman said: "In market terms, the trough appears to have been reached. After the initial hysteria, consumer confidence is returning."

Sample figures based on all the major auctions in England and Wales released by the Commission confirm that that there was a major drop in cattle going for slaughter at the height of the bovine spongiform encephalopathy (BSE) controversy.

However, Commission claims that consumer confidence in beef was regaining ground, was supported yesterday by major butchers and leading supermarket chains.

BRITAIN IN BRIEF



North Sea projects to top £13bn

The North Sea promises to be a busy place in the coming years as 57 offshore oilfield development projects move forward, leading to £13.7bn in capital expenditure, according to County NatWest WoodMac (CNW), the stock broker.

The 57 projects involve development of 3.8bn barrels of recoverable oil and 14.4 trillion cubic feet of gas, for a total of 6.3bn barrels on an oil equivalent basis.

CNW believes all of these projects could receive government approval in the next two to three years. Just over half the projects will be located in the central North Sea, where a number of significant discoveries have been made.

Meanwhile, Hamilton Oil, the US oil and gas company, reported a potentially significant find of gas and gas condensate, a light petroleum liquid, in the central North Sea.

A test well on block 15/24a flowed at 11m cubic feet of natural gas a day and 3,000 barrels of liquid. Partners in the field include Sun Oil, Elf Aquitaine, Ultramar, Monument Resources, and Enterprise Oil, which has a nine per cent stake.

Lummus takes over Mackie

James Mackie & Sons, one of Ireland's oldest engineering companies, is to be taken over by an American company in a deal that will pave the way for a major investment package for north and west Belfast.

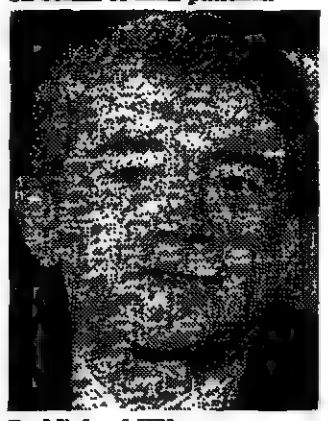
Lummus Industries of Columbus, Georgia, is acquiring Mackie's in a deal which involves a £20m modernisation project backed by the Industrial Development Board.

BMA opposes budget holding

Family doctors who have expressed interest in becoming budget holders under the Government's health reforms were urged by the British Medical Association to reconsider their position.

Dr Michael Wilson, chairman of the BMA's general medical services committee, said he believed the idea could fail completely through lack of support.

The Government wants general practitioners in larger practices to become fund holders, shopping around for hospital and other treatment on behalf of their patients.



Dr Michael Wilson

Dr Wilson claimed yesterday that the number of GPs interested in becoming fund holders was dropping steadily.

Manufacturers reduce stocks

UK manufacturers reduced their stocks by nearly three times as much as previously thought in the fourth quarter of last year, according to official figures.

The revision, caused by a large number of late returns, underlines the enormous uncertainty over official figures for manufacturers stocks, which are a key variable in assessing the level of economic activity.

Manufacturing stocks fell by £612m in the last three months of last year in 1985 prices and seasonally adjusted, the Central Statistical Office said, revised up from a fall of £229m. This was the largest quarterly fall since the last quarter of 1985. It conforms to the pattern of falling domestic demand and output seen last year.

PSA wins £22m contract

PSA Services, the state owned property development group which is being prepared for privatisation, has won its first international contract since it was relaunched as a commercial operation in April.

PSA Service's international division has won the £22.7m contract to design and manage the construction of a Hong Kong naval base to replace the existing base located on a high value waterfront site.

Speeding up the legal process

The Government has put forward proposals aimed at cutting the time between starting a legal action and getting to trial.

The new court rules are designed to implement proposals in the Courts and Legal Services Bill which, for the purpose of calculating the limitation period within which a legal action must be brought, change the time at which the action is deemed to have been commenced from when the writ is issued to when it is served.

The change is opposed by the Law Society on the grounds that it will increase uncertainty, since the date when a writ is issued can easily be ascertained by the court, whereas there is considerable scope for argument over when a writ is served.

Army short of 5,000 men

The Army is short of 5,000 officers and men, according to figures which show a deepening manpower crisis.

The quarterly figures show that by March 31 there was a shortfall in the Army of 237 officers and 4,736 other ranks.

The total strength of the armed forces fell by a further 280 to 305,711, some 5,950 less than a year earlier.

The principal problem no longer lies in recruiting but in the record number of trained personnel leaving, often for better pay, and conditions outside the services.

NHS criticised by report

The National Health Service was urged to adopt more private sector practices to speed up its hospital building programme.

A report by the all-party Public Accounts Committee on hospital building in England criticised as "inordinate" the average 10 year period between initial planning of new hospitals and their opening.

The report also criticised health authorities for failing to use new facilities fully once they were open. Although the main reasons for under-use were change in medical need and lack of revenue funds, lengthy build-times aggravated the problem.

Ads monopoly in cinema, fair

The advertising monopoly in British cinemas does not operate against the public interest, according to the Monopolies and Mergers Commission.

The commission had been asked to investigate the supply of advertising to cinema screens by the Office of Fair Trading in June last year, following complaints by Pearl and Dean, one of two main suppliers of cinema advertising.

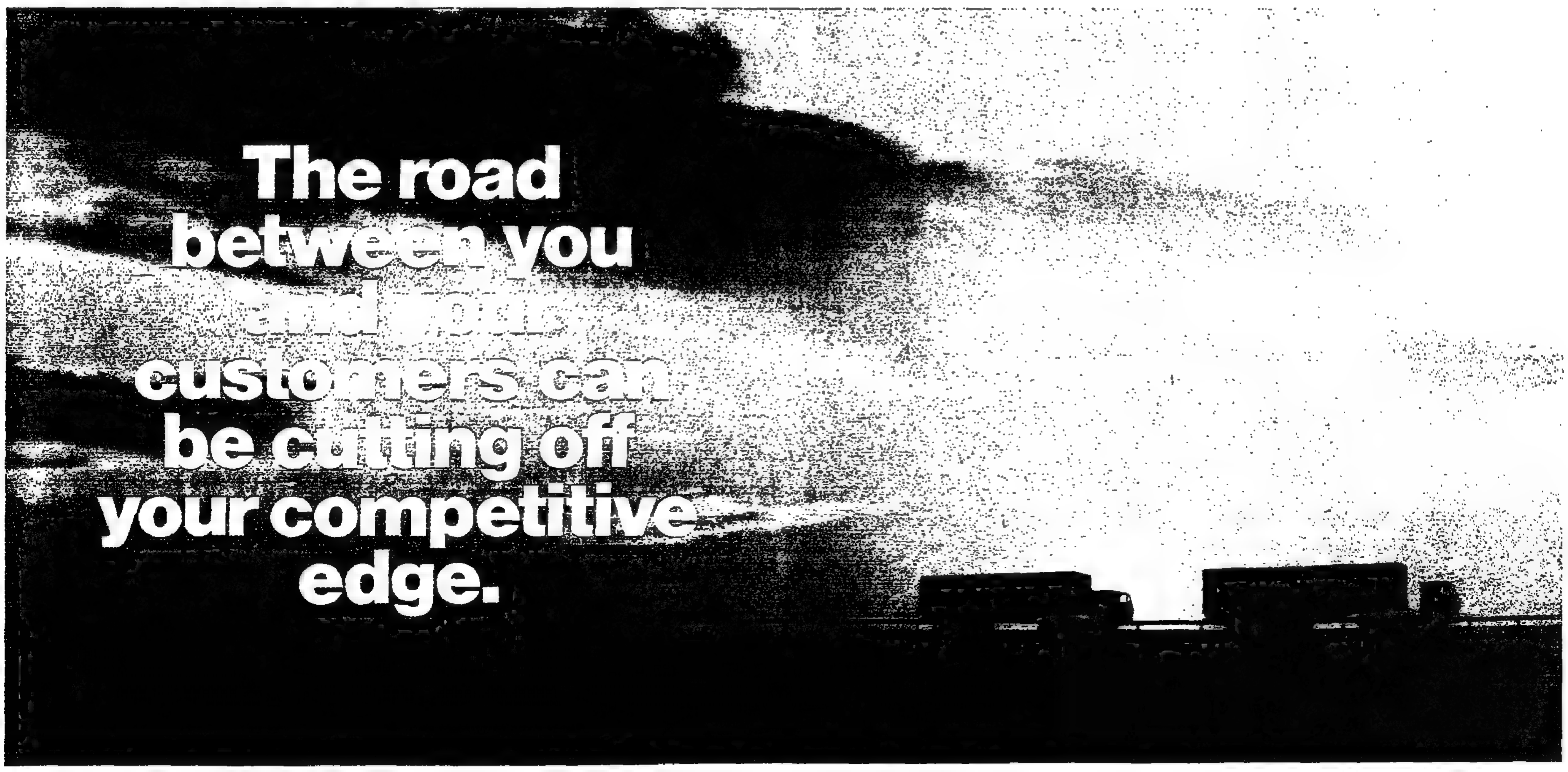
Pearl and Dean was concerned that the monopoly enjoyed by the much-larger Rank Organisation and its subsidiary Rank Screen Advertising meant that it was unable to compete fairly.

The commission, however, concluded that both Rank and Pearl and Dean enjoyed the benefits of a complex monopoly in the supply of cinema advertising in the UK.

Men held in securities case

Three Irishmen charged with conspiring to handle securities worth £77 million were remanded in custody.

Thomas Anthony Coyle, a businessman, Anthony Rooney, a horse trainer, and Edward Anthony Dunne, also a horse trainer, appeared at City of London Magistrates' Court.



In today's competitive environment, hidden operating expenses cost a lot more than they used to. Trade volumes are larger, shipments are smaller, distances are longer and organizations are bigger. Making precise coordination of business activities a sheer necessity. Especially in how you get your goods to market. Because any advantages gained by say, streamlining production, can be cancelled out in the transport chain.

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Accountancy in eastern Europe

The need to inculcate a 'notion of profit'

By David Waller

Bored with your accountancy job? Tired of the "tick and bash" business of auditing, and fluent in Hungarian, Russian or Czech as well as the language of business – double entry book-keeping? Then there is bound to be an opening for you in one of the rapidly expanding east European offices of the big international accountancy firms.

Accountants are in the vanguard of western capitalism's advance into the eastern bloc, and their offices are now to be found in virtually every capital City in eastern Europe. Their job is two-fold: to advise western investors interested in buying up eastern European assets, and to help east European businesses interested in expanding into the west, preferably with an injection of capital and management know-how from a western joint venture partner.

However, the process of inward investment to those countries deemed attractive to western investors is much hampered by the somewhat rudimentary state of financial management in eastern bloc countries; it is virtually impossible to look at a set of accounts for a Hungarian ball-bearing company, for example, and decide what it is worth.

"It is difficult to find a company in eastern Europe which doesn't need a major overhaul," observes Michael Gibbins, head of the east European department at KPMG Peat Marwick McLintock. "What is needed is rehabilitation followed by privatisation."

The problem can be stated simply: east European companies have hitherto had no notion of profit. The purpose of business activity has not been to produce profits for shareholders, but to meet output targets set by central governments. As Duleep Aluwihare at Arthur Andersen explains: "They are geared up to meet production targets but they have no notion of productivity. They will move heaven and earth to make one extra unit, without thinking to ask whether it's worth it financially."

As a Price Waterhouse guide to doing business in the Soviet Union puts it: "Both western and Soviet accounting systems have as their aim the collection of information to facilitate economic decision-taking. Unlike their western counterparts, however, Soviet accounting procedures were designed to collect the types of information required by a centralised hierarchical planning system.

"Much of the information that the Soviets collect on their numerous accounting forms would be conveyed by prices and sales performance in a market economy."

The aggregated information for each factory is sent up to a higher planning authority in the USSR. This is Gosplan, the state planning agency where information is lumped together with similar data from other factories. Gosplan – or its equivalent in other eastern bloc countries – reviews the data and formulates the stage of the plan. "Despite recent Soviet economic reforms aimed at increasing the role of market factors in Soviet planning, this hierarchical form of interaction still predominates," PW relates.

According to Aluwihare, who worked last autumn as part of a team of western accountants advising Barbara Piasecka-Johnson, the Polish-American heiress, on her potential purchase of the Gdansk shipyard, the basic information-gathering process is unwieldy, but the information produced is accurate. There is elementary computerisation, but the records are prepared in the main by squadrons of under-employed blue-collar workers.

There are technical differences between eastern bloc and western accounting; for example, east European accounts are prepared on the basis of cash transactions completed rather than on the western "accruals" model (which takes account of monies owed or due at the accounting date). Business conditions dictated that there were no bad debt write-offs, because state-owned companies simply did not go into liquidation.

Another technical difference is that balance sheets look bizarre by western standards since they are loaded with vast agglomerations of stock. The stock is not valued in line with the common western principle that inventory should be in the accounts at the lower of cost or market value, and there is no attribution of overheads to the stock valuation, either.

The size of stock-holdings reflects the reality of business in a command economy: "You don't buy things when you want to buy them but when you can get hold of them," observes Les Bonnay, general manager of of PW's 60-strong office in Budapest.

The practical difficulty for financial managers trying to move to western standards lies not in the quantity of information, but in the quality. "It is difficult to get the information required to manage a business on a day-to-day basis for maximum profitability," reflects David Harrison, the finance director of Tungsram, the Hungarian light-bulb manufacturer which was acquired by General Electric of the US last November. Earlier this year, he went over to Budapest as part of a "hit-squad" of US executives whose task it is to make the company competitive by world standards.

"There is as yet no financial consolidation of the company's numerous subsidiaries, and very little mechanisation in terms of basic accounting or financial analysis," Harrison says.

"We are working hard to make our production more market-driven," he continues, "but we want to be competitive in the finance function as well. Our aim is to get a handle on working capital; to bring stock levels down in line with sales and get to the point where we can make detailed cash flow forecasts. There's lots of data, but it's not decision-making data. The financial controls are good and the people bright and eager to learn, but there's a need for frequent reports giving detailed and accurate information on sales, pricing, costs and outstanding receivables.

"Once we can predict our cash flow requirements for both the short and long term, we will be able to improve productivity and ultimately profitability."

There is a practical difficulty, too, for western businesses wishing to invest in the eastern bloc on the basis of old-style accounting information; it is very difficult to come to a valuation of the assets being acquired. This is true in a capitalist economy too, when a valuation can be made on a multitude of different bases – on cash flow forecasts, on the record of profits over recent years or on assets – but the problems are accentuated in the eastern bloc because of a lack of reliable financial information.

"It's difficult to tell from the reported figures whether a company is on the verge of insolvency or grotesquely undervalued at the price offered by a western concern," observes Michael Boyd of Ernst & Young. The western investor has to weigh up the past – which if restated in line with Western accounting standards would invariably suggest that the company made little or no money – against the potential for the future. After all, one may not be buying profits, but one may be buying a sizeable share of a fast-expanding market.

The question of valuations has already led to tensions in Hungary, where there is a legal requirement that a valuation be made when a company is being privatised. Earlier this year, the state intervened to unscramble a deal between Hungar Hotels and Quintus, a Swedish company. Central to the government's case was that the valuation prepared by Ernst & Young Bonitas was too low.

Robert Bellia, senior partner at E&Y's Budapest office, counters by saying that the asset valuation was not designed to reflect the market price for the hotel company, and in any case, the price offered by Quintus was higher than that valuation in any case. In the event the charter for the joint venture was revoked by the Budapest Supreme Court.

According to Bellia, one of the problems was the inability of government officials to understand western-style accounting. There is bound to be more such misunderstanding as the privatisation process accelerates.

The differing cost of capital

Simon Holberton compares the UK, West Germany and Japan

Debate is quickening once again about that old bugbear of industrialists – "short-termism" – and as a result, a lot more is going to be heard about the virtues of the Japanese and West German capital markets.

They are (supposedly) not only untainted by speculators looking to make a quick mark or yen, but oases of cheap capital. While opinion differs on the former, there is compelling evidence to suggest that Japanese and West German businessmen have a head start on their Anglo-Saxon competitors when it comes to cost of capital for investment.

According to a study published by the Federal Reserve Bank of New York*, an arm of the US central bank, in 1988 capital for investment in a British R&D programme with a 10-year pay-off period had to provide a return nearly three times as high as for the same project conducted by a Japanese company.

Compared with a West German company the British investment had to be nearly twice as profitable.

Why this should be so reflects less the abundance of capital in Japan and Germany relative to that in the US or Britain than it does to the method of delivery of that capital. More important, it also reflects the success of the "cheap" capital countries in economic management relative to the "dear" capital countries.

Robert McCauley and Steven Zimmer, economists at the New York Fed responsible for the study, go one step further than just calculating the "cost of funds", a measure which they say does not capture fully the effects of inflation and taxation on profits and neglects differences in depreciation schedules and investment tax incentives.

The appropriate measure is the "cost of capital", the inflation-adjusted pre-tax rate of return that covers both the company's after-tax cost of funds and its tax obligations. It is these rates which are shown in the table below.

In explaining the disparity between the cost of capital in Japan and West Germany on the one hand and the US and Britain on the other, McCauley and Zimmer found that companies in the first group do enjoy powerful structural advantages over their competitors in the US and UK.

They highlighted the advantages those companies experienced in debt finance because of the role banks play as shareholders and lenders to industrial companies in Japan and West Germany, though Japanese companies enjoy a double benefit because the cost of equity is also low.

Household savings are also higher in Japan and Germany than in the US and Britain. This could be explained by credit rationing. If that were true, as it seems to have been in the 1970s, it is much less so now. Savers in Japan and Germany may have been prepared to accept lower real interest rates for their savings because the risk of inflation was lower.

In Japan and Germany, the greater integration of banking and industry has allowed companies a higher level of borrowing relative to equity without raising bankruptcy rates much above those in the US or UK.

Government has also been prepared to spread the pain of industrial change across a broader group of interests – customers, consumers and taxpayers – than it has in the US and UK where the burden falls mainly on shareholders, workers and lenders.

But the main finding of the study was that the capital cost advantages enjoyed by Japanese and German companies reflected the success those countries had in preserving low inflation and stable growth. Important as the roles of banks, industrial policy and high savings was to Japanese and German companies' success, the authors cited sound macro-economic management and low inflation as being of over-riding importance.

In recommending policy to US economic managers, but equally relevant to Britons, McCauley and Zimmer said "a monetary policy that takes price stability as its object is critical to US competitiveness." Low inflation will, over time, reduce the risk premium built into short and long-term interest rates, thereby lowering the cost of capital to industrial and commercial borrowers.

**Explaining international differences in the cost of capital, Quarterly Review, Summer 1989. Available from Public Information Department, 33 Liberty Steet, New York, NY 10045, US.*

COST OF CAPITAL

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Research and development project with 10 year payoff lag												
US	12.5	12.8	11.9	12.4	8.3	16.4	15.2	20.3	20.2	16.8	18.2	20.3
Japan	3.9	5.7	6.5	7.3	8.0	8.3	8.7	7.7	9.2	9.4	6.4	8.7
Germany	13.4	13.8	13.3	15.6	15.7	14.7	13.9	14.6	13.9	13.2	14.4	14.8
UK	18.2	28.4	21.1	33.4	24.2	29.5	29.2	24.4	25.4	18.9	20.6	23.7
Equipment and machinery with physical life of 20 years												
US	11.2	11.7	11.2	11.5	13.5	11.5	10.6	11.3	11.1	9.1	10.2	11.2
Japan	6.9	6.9	7.6	8.6	8.8	8.6	8.6	8.4	8.3	7.8	7.0	7.2
Germany	7.7	7.3	7.5	8.6	8.8	7.8	7.0	7.2	7.1	6.9	7.0	7.0
UK	8.8	10.8	9.8	12.7	10.3	10.7	10.8	9.3	9.4	7.8	8.2	9.2
Expensed item with physical life of 3 years												
US	39.5	40.6	42.4	43.3	38.5	40.5	39.3	39.6	39.1	36.7	39.4	40.4
Japan	35.0	35.1	35.4	36.4	36.1	36.0	36.0	35.7	35.6	35.3	34.8	34.9
Germany	34.7	34.7	34.7	35.4	35.6	35.1	34.7	34.8	34.8	34.6	34.7	34.8
UK	39.4	40.6	41.4	42.5	40.5	40.0	39.6	38.4	37.7	36.1	37.0	37.4

Source: Federal Reserve Bank of New York

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FINANCIAL TIMES
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TECHNOLOGY

David Thomas examines a device that measures the level of nuclear incidents

On a scale of one to seven

Few industries would be keen to develop a standardised, worldwide system for publicising accidents and other potentially dangerous incidents in their own backyard. But then few industries suffer the communications and public relations problems of nuclear power.

Experts from almost every country which boasts a nuclear power station have spent the past year working out a standardised nuclear incident scale. They hope it will help to dispel the technological fog surrounding nuclear power. "When people hear an engineer talking about nuclear power on the radio, it leaves 99 per cent of the population cold," acknowledges Richard Taylor, head of health and safety at Nuclear Electric, the UK's biggest nuclear power station operator.

Nuclear insiders believe that the technical ignorance of the media and general public helps to reinforce what they see as an irrational fear of nuclear power. The new scale is designed to reduce this ignorance.

The scale's architects hope that the public will become as accustomed to thinking in terms of, say, a level 2 nuclear incident as of an earthquake of a certain force on the Richter scale.

A 12-month trial of the scale starting later this year has already been agreed by about a dozen countries, including the Soviet Union, the UK, West and East Germany, Italy, Czechoslovakia and India. The International Atomic Energy Authority (IAEA) hopes that the US and China will be among other countries signing up for the trial.

Indeed, the nuclear scale will stand or fall in terms of how widely it is accepted by the general public – or, more precisely, by the mass media. In Taylor's words, "we're not very good at communicating technical things."

And with ever-growing public interest in green and safety matters, other heavy industries engaged in potentially dangerous or environmentally damaging operations may also monitor the progress of this new nuclear incident scale.

The scale – devised by a working party of the IAEA and the Organisation for Economic Co-operation and Development – runs from "major accident" (level 7) to "anomaly" (level 1). Events which have no safety significance are to be classified as level 0 or "below scale". Levels 1-3 are described as "incidents," while levels 4-7 are "accidents." The architects of the scale expect that about 10 times fewer events will occur at each successively higher level.

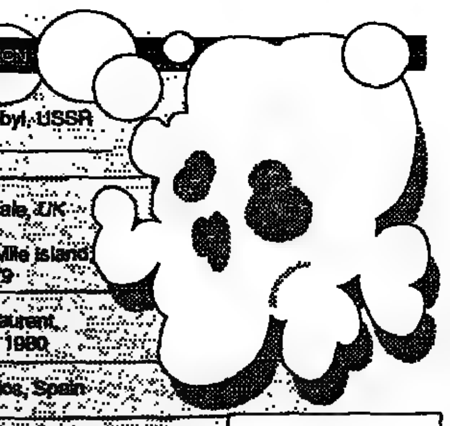
Three criteria will be used in classifying an accident or incident in a nuclear power plant: off-site impact, on-site impact and the extent to which safety barriers have been breached. For instance, off-site releases of radioactivity would be classified between level 3 (a minimal release with the most exposed person receiving a much smaller dose than is present in background radiation) up to a Chernobyl-intensity level 7 disaster, with many off-site deaths.

France and Japan already operate their own nuclear incident scales. While similar to the French and Japanese gradings, the IAEA scale also contains some important differences. In particular, there is an extra classification at the top end – level 6 or "serious accident," which will allow an accident to be ranked mid-way between Chernobyl (a disaster with many deaths) and Three Mile Island (an accident with significant off-site consequences, but few deaths.)

Anti-nuclear campaigners are likely to criticise the absence from the trial of reprocessing – one of the main focuses of nuclear safety concern.

Critics will also probably try to dent the credibility of the scale by stressing that it is being administered by the nuclear operators in each country, rather than by independent agencies. Overcoming this scepticism will pose a severe test of the nuclear power industry's commitment to keeping the public fully informed about its operations.

LEVEL	DESCRIPTION	LOCATION
7	Major accident	Chernobyl, USSR 1986
6	Serious accident	
5	Accident with off-site risks	Windscale, UK 1957; Three Mile Island, US 1979
4	Accident mainly in installation	Saint Laurent, France 1980
3	Serious incident	Vandellos, Spain 1989
2	Incident	
1	Anomaly	
below scale 0	No safety significance	



NUCLEAR ACCIDENT SCALE
Source: IAEA

'Orphan' drug looks for home

Louise Kehoe on human trials of Genentech's potential treatment for cystic fibrosis sufferers

Genentech, the leading biotechnology company, is seeking permission from the US Food and Drug Administration to begin human clinical trials of a bioengineered drug which it believes may be beneficial to cystic fibrosis sufferers.

DNase (deoxyribonuclease) is a genetically engineered version of an enzyme that occurs naturally in human blood and saliva. Genentech's laboratory tests suggest that DNase may help to dissolve the thick mucus that clogs the lungs of those afflicted with cystic fibrosis.

Cystic fibrosis is the most common fatal genetic disease among Caucasians, affecting 1 in 2,000 babies. Over 30,000 children and young adults in the US have the disease. Victims live for an average of 27 years and usually die from respiratory failure brought on by repeated lung infections. No effective therapy exists.

Extensive research is under way, however, to find new treatments and eventually a cure for cystic fibrosis. Scientists have identified the defective gene that causes the disease and long-term research has begun to determine whether it may be possible to replace the gene to halt its progress. Gene insertion remains a highly experimental technique, however, and it may be many years before its potential therapeutic value is fully known.

In the meantime, Genentech and others are directing their efforts towards treating the symptoms of cystic fibrosis.

If DNase lives up to Genentech's expectations, it could represent another important biotechnology breakthrough for the company which created the first "blockbuster" biotechnology drug, TPA, a treatment for heart attack victims.

"If studies of humans demonstrate that DNase is effective in dissolving infected mucus in patients' lungs, it should prolong and improve the quality of life (for cystic fibrosis patients)," said Steven Shak, Genentech director of immunobiology.

Genentech also hopes DNase will prove effective in treating bacterial pneumonia, chronic bronchitis and emphysema.

Conventional drugs may yet prove to be similarly effective in the treatment of cystic fibrosis, however. Medical researchers from the University of North Carolina recently reported promising preliminary results from initial tests on cystic fibrosis patients of a drug called Amiloride which similarly acts to thin mucus in the lungs.

The effectiveness of DNase seems certain, therefore, to be compared in future tests with that of Amiloride. Similarly, Genentech's TPA has become the subject of a large-scale trial comparing it with existing conventional heart attack drugs.

Genentech's announcement of DNase comes as the company's shareholders are about to vote upon a bid by Roche Holdings to acquire a majority stake in the company.

The announcement of DNase also appears timed to influence debate in the US Congress over the Orphan Drug Act. The company will apply for "orphan drug" status for DNase for the treatment of cystic fibrosis, said G Kirk Raab, president of Genentech.

The "orphan" drug programme, intended to encourage companies to develop medications for rare diseases, grants the drug producer a seven-year monopoly as well as tax credits.

Large profits by biotechnology companies including Genentech from orphan drugs have, however, raised questions about the programme and prompted a Bill currently before Congress that would significantly amend the programme.

"DNase is a wonderful example of the potential of biotechnology to address special needs. It is a tribute to the valuable incentives of the Orphan Drug Act and a solid reason why the Act should not be changed," said Raab.

Enzymes stimulate expansion

Peter Marsh looks at Alko's move into commercial biotechnology

How do you transform a state-owned beverages company with an inbuilt policy of sales restraint, to a rapidly growing, highly competitive business in a new area of technology?

The question could almost come out of a management-school exam paper, but for executives at Alko, Finland's monopoly alcohol company, the dilemmas are real.

Alko is trying to move into the area of commercial biotechnology, the business of making new chemicals through novel biology processes including the swapping of genetic material.

The company is particularly keen on industrial enzymes as a potential growth area. These are organic chemicals based on natural compounds which are used in a variety of applications in areas such as food production, waste management, agriculture and detergents.

Alko has a solid grounding in biotechnology through having used biological methods in alcohol production for more than a century. However, the company admits that it is struggling to get right the business aspects of this field. An important objective for Alko is to find a partner to help sell its products in the US.

Enzymes work as catalysts by helping a range of chemical reactions to proceed at a faster rate than they would otherwise. For instance, they could be used in processes which rely on a long chain of biological material being cut up into smaller fragments. These last molecules then participate in other chemical or biochemical reactions.

Although enzymes have been known for many decades, the industry has been stimulated in recent years by advances in biotechnology. These have given scientists new ways of designing enzymes by creating specific chains of molecules which will do set jobs.

Novo Nordisk of Denmark is the world's biggest enzymes company and accounts for roughly half the $600m-a-year world market. It has made a large effort in recent years to build up a presence in detergent enzymes, which work by facilitating the destruction of grease and dirt in washing.

Other large enzyme groups are Genencor International, a joint venture between Eastman Kodak of the US and Cultor, a Finnish sugar business, and Solvay, Belgium's biggest chemicals company. Solvay recently bought the enzymes interests of Bayer of West Germany.

Alko has biotechnology revenues of about FM50m (£7.5m) a year, a tiny proportion of its sales in 1989 of FM11.58bn. The total sales are almost entirely derived from alcohol.

Official policy in Finland – much the same as in Sweden and Norway – is that drinking alcohol can be socially and medically harmful. As a result, outlets for drink are limited.

Bertil Roslin, Alko's director for strategy, says the company several years ago chose biotechnology as a new area for growth. He says that so far progress has been "slower than we hoped for" but that the company is on course for becoming a large player in this field.

With today's more liberal attitudes to drinking, the question inevitably is raised of how long Alko's monopoly over alcohol consumption in Finland will remain. There is also the possibility that the Finnish Government could sell some of its shares in the business to private groups.

Roslin says Alko is continually revising its business approach to suit current commercial conditions. "There may be fewer regulations [over alcohol consumption] in the future," he says. The company might be forced to expand its biotechnology business in the event of sales from drink becoming less important.

The success of the biotechnology venture is vital, Roslin says, not just because of the need to find new sources of revenue. "We have got a lot of intellectual people who need to be stimulated," says Roslin. "If we do not find high-tech fields for them there is a danger they will leave."

As a result of Alko's monopoly on alcohol sales, the company has evolved what amounts to an anti-entrepreneurial culture. It makes little or no effort to increase alcohol revenues on the grounds that this is contrary to Government social policy.

The company has also – due to the monopoly and the high prices charged for drink within Finland – gained high profits. Net profit for 1989 was FM1.34bn.

It has therefore had sufficient funds to channel into high-quality biotechnology research, on which it spends about FM70m a year. Most of this is directed at new yeasts and enzymes used in alcohol production techniques.

The company has branched out into new types of enzymes, such as for breaking down starch in agricultural applications, to produce sugars and other chemicals.

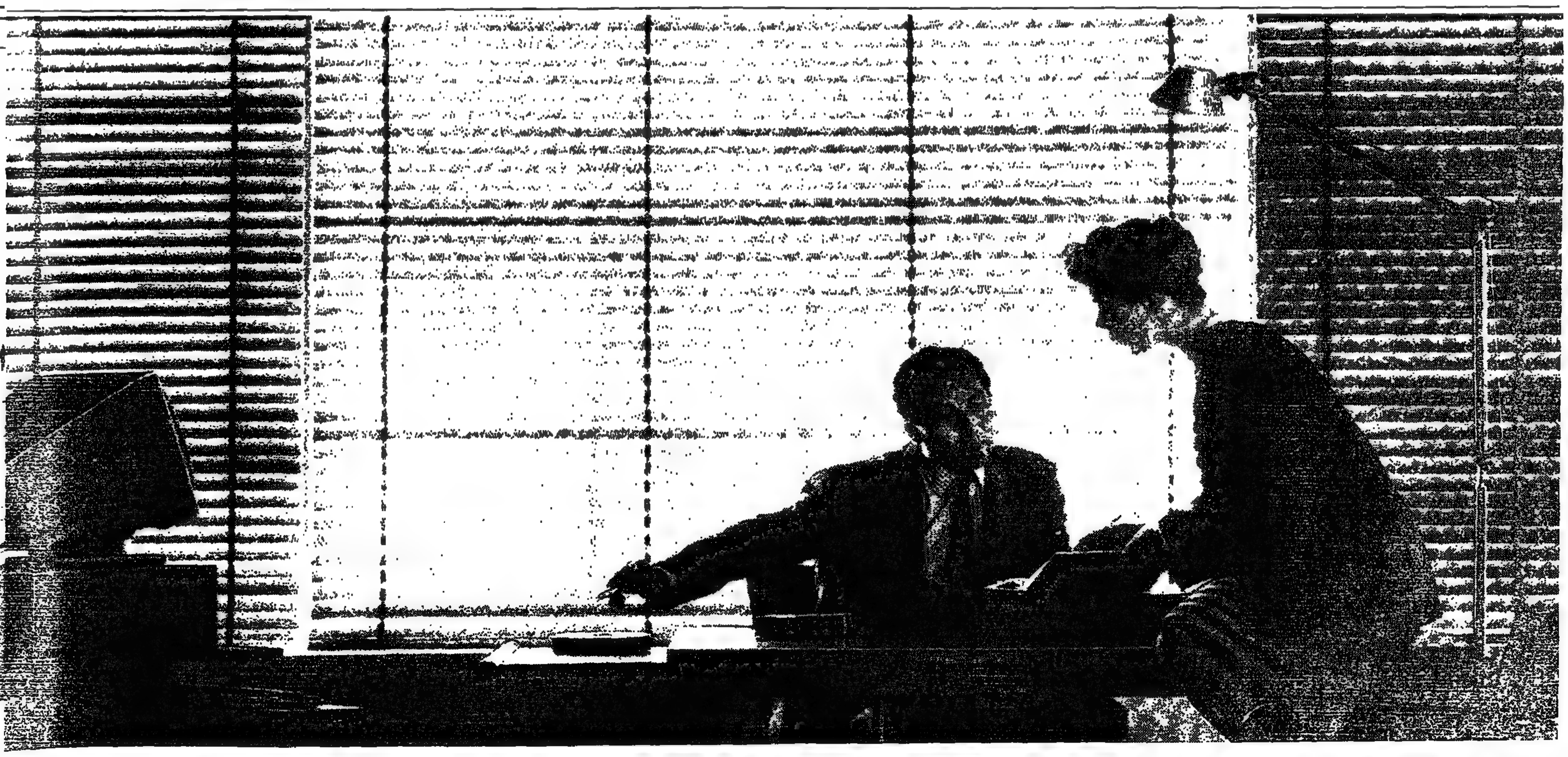
It is also working on other enzymes for helping in the bleaching process in paper production and reducing the use in these procedures of chlorine. This last chemical is a well-established bleaching agent but its use is linked to environmental problems.

Alko's research in biotechnology is well regarded in the enzymes industry, according to Knud Aunstrup, vice president in charge of industrial biotechnology at Novo Nordisk.

But according to Bjarne Peth, a Finnish technology consultant, the company "may need some help" in the commercial part of its operations. "They may need to take some risks," says Peth, who works for Investcon, a Helsinki-based consultancy.

Cay Stambej, biotechnology exports manager at Alko, says the company is looking for business partners in the US, the world's biggest market for enzymes. "We are too small to do anything from Finland as we are," he says.

Alko is particularly bullish about its prospects in selling an enzyme called Phytase which it has developed for the the corn industry. This breaks down corn to produce a starch-type material which can be used in animal feed.



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Greater choice for the new Arlington

By Paul Cheeseright

ARLINGTON Securities is comfortable. More than most in the property sector these days. But that is not surprising. The £278m takeover by British Aerospace last August looked generous at the time. Everything that has happened in the sector since confirms that judgement.

How Arlington, with its string of business and industrial parks and its town centre retail developments, would have fared in the present market without BAe is a matter of conjecture.

On its own, it would have had to come to terms with widening yields, accepting lower returns for completed developments destined for sale.

For example, phase two of its Birmingham business park, completed last April, was sold on a yield of 7.25 per cent, but if the same transactions were repeated now, the yield would have been more like 7.75 per cent.

Repeated on a wide scale, this sort of experience would have held back profits growth. It would have narrowed the choices for development. As it is, Arlington has not only the land it brought into the deal to play with, it also has the extensive BAe land surplus.

"Now we have greater choice and we have greater choice to pick our moments of disposal," said Mr Patrick Vaughan, one of the directors and a large individual shareholder in the original company.

In fact Arlington had already stopped buying sites by the time of the takeover on the grounds that prices had become excessive; its last purchase was in 1988.

And certainly the cost of money borrowed by the company as an independent entity would have been relatively higher than the cost it pays now that it is locked into the BAe treasury.

Mr Vaughan observed that private developers can pay 4 percentage points above the London interbank offered rate, medium-sized companies might pay between 1.5 and 2.5 points more, while the largest may only pay 0.5 of a percentage point more. Arlington, as an independent company, had worked its way down from 4 to 1.75. Now, with BAe in the background, it is a 0.5 company.

So there is life at Arlington after BAe, and it goes beyond the fact that executives drive Rover cars rather more than they used to and that there are elaborate profit-sharing arrangements.

Ten months into the new existence, 90 per cent of the time at Arlington has been spent on working the portfolio it brought to BAe. But as it comes more to terms with the BAe land portfolio, based not only on sites surplus to aerospace products manufacture but also, more controversially, on old Rover and Royal Ordnance sites, the balance will shift. In three or four years, Arlington's effort will most likely be split 50-50 on its original portfolio and the BAe lands.

The practical link between the two is evident in the case of the business park at Farnborough, Hampshire, next door to the Royal Aerospace Establishment. Here Arlington is developing new headquarters and engineering technology facilities for its parent.

The terms of the takeover left Arlington with extensive autonomy. Arlington executives observe that there is extensive day-to-day contact between parent and subsidiary at senior level, but very little underneath that.

Three BAe directors sit on the Arlington board. Arlington's finance specialists take part in the wider group's financial debate: Arlington after all has to compete for BAe funds.

The financial debate will tend to become more important as Arlington develops more BAe properties. BAe will be the landowning partner and its presence will reduce the need to spread risk in quite the same way as Arlington did with its original portfolio. Here the old patterns persist.

These patterns are a mixture of long- and short-term financing which take into account the fact that on the business parks, the staple of the business, the development period can stretch out as far as 10 years.

The long-term element involves the land and infrastructure costs where the need is for extensive equity capital so that the accretion of interest charges does not overwhelm the project. Risks were spread by the creation of joint ventures at, for example, Arlington's Birmingham, Frimley, Newbury, Solent and Theale parks.

The financing of buildings on the park can be done on a short-term basis with bank borrowing. But buildings can also be pre-sold to an institution – as with Equitable Life at Birmingham – or they can be built to the order of a potential owner-occupier. The land and infrastructure costs are spread across all the individual buildings of a park.

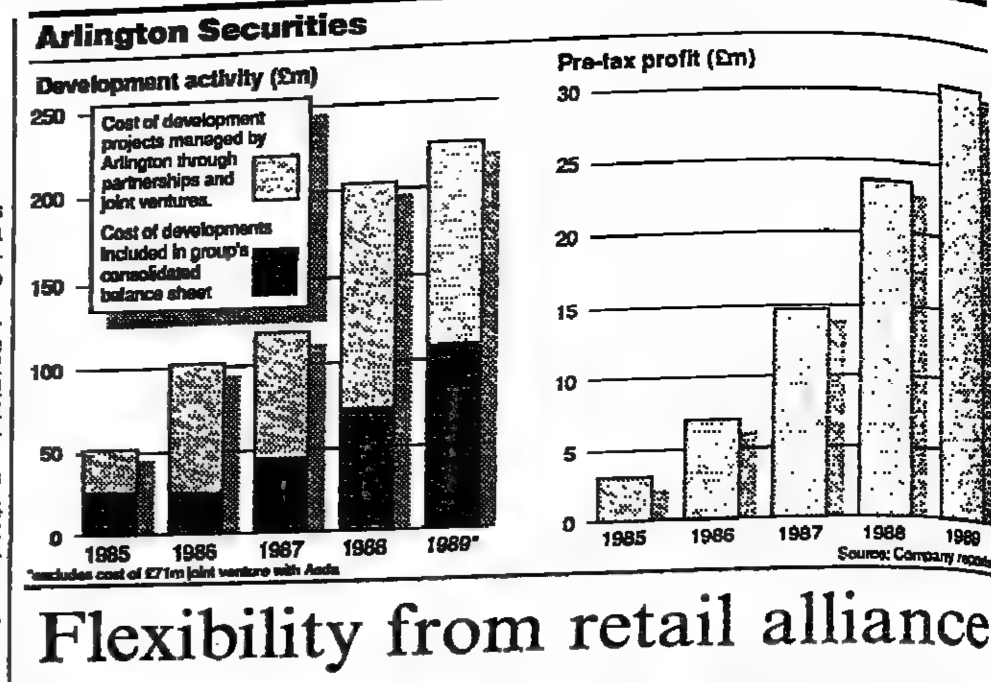
Although the economy is slowing, there has not been much change in the speed of the business park development programme. The question of whether there will be a slackening of demand, or whether, in fact, BAe took control of Arlington just in time to see its likely returns diminish, is difficult.

There is no doubt that there is an excess of B1 – general business space – a category into which the business parks fall. But the excess is not in the large landscaped parks. Rather, it is in isolated or scattered groups of units in locations which offer few of the business park facilities.

The Arlington argument is that, whatever the movements of the economy, there is an underlying level of demand from companies seeking to migrate from congested city centres to the gentler type of environment business parks are designed to provide.

TOTAL RETURNS (%)	Retail	Office	Industrial	All Property
Year to April '90	3.6	12.4	20.0	9.6
Quarter to April '90	-0.2	-0.6	0.4	-0.2
Month of April 90	0.6	0.1	0.3	0.3

Source: Investment Property Databank



Flexibility from retail alliance

EVEN before takeover, Arlington had been expanding into retail development, writes Paul Cheeseright. Now this side of the business has, in effect, been absorbed by a new company called Burwood House Group, a £450m joint venture company set up with Gazeley Holdings, property arm of the Asda supermarket group.

Both Arlington and Gazeley contributed £75m in equity to the new company in the form of retail properties or developments. Burwood then raised £250m from a syndicate led by Sumitomo Bank and bought the freehold of 34 Asda superstore sites. The rental income from the properties will service the interest on the bank borrowing, fixed at 12.78 per cent with a duration of 10 years.

The only comparable deal of this type, where a property company allies with a retail group, has been Oppidan Estates, the joint venture set up by London & Edinburgh Trust and Storehouse.

What both deals have in common is that the property company has a ready-made stock of sites for future developments and that these developments can be timed in accordance with market conditions. The new company is largely run by Arlington. Although Gazeley continues to look after the existing Asda portfolio of property, its own development programme is concentrated on office and industrial property rather than on retail.

The effect of Burwood House on Arlington's retail property interests is like that of BAe on the whole of the Arlington group. It provides the flexibility which only comes when there is a solid base of assets which do not have to be sold in the interests of cashflow.

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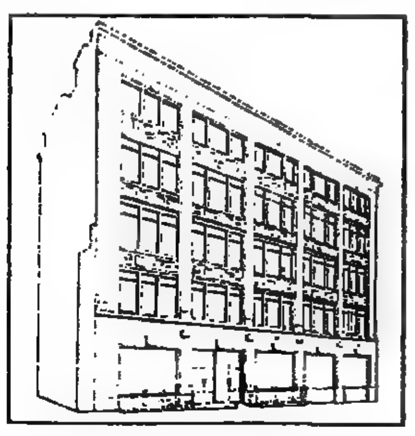

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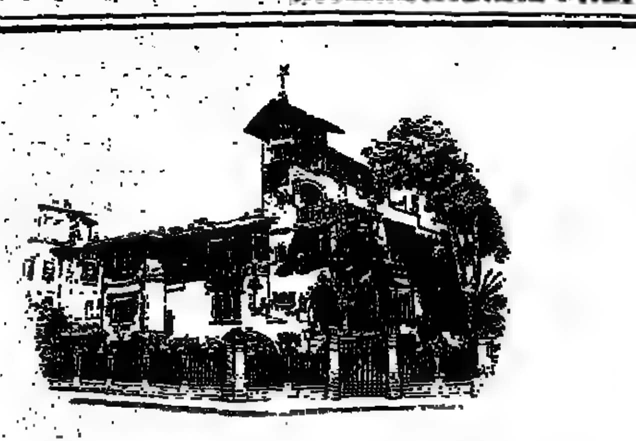

Invitation for Offers

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An international group wishes to consider purchase offers for the real estate complex it owns in Rome, Piazza Mincio, known as "I Villini delle Fate."

The above complex includes three magnificent adjoining villas built around 1920 by Gino Coppede in a variety of styles, from Medieval to Art Deco, that characterize this architect's work.

The complex is located on a plot of land measuring 1800 sq. m. The three villas contain approximately 1800 sq. m. of living space and approximately 580 sq. m. of ancillary service and appurtenance space (basement, store rooms, porches, terraces and balconies); there are also two garages of about 85 sq. m. in size.

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For further information and/or arranging for a visit of the real estate complex, please contact Mr. Giovanni Panselli, Piazza Mincio No. 3 - 00198 Rome, Phone No. 06-421901; Fax No. 06-862704.

All those who might be interested in the purchase of the real estate complex described above may submit their written offer, which should be sent by registered mail, return receipt requested, (on the envelope please indicate ref. VDF/RM) by June 30, 1990 to CITITRUST S.p.A., Istituto Fiduciario, Foro Buonaparte No. 16 - 20121 MILANO (a subsidiary of CITICORP) and shall contain the name of the offeror, the purchase price offered for the property and the terms of payment of the same, enclose proof of the remittance of a good-faith payment in the amount of Lit. 200,000,000 (two hundred million lira) to be made by bank transfer in favor of CITITRUST S.p.A. Istituto Fiduciario, Account No. 0/150003/016 with CITIBANK N.A., Foro Buonaparte No. 16, 20121 Milan. Offers submitted without a good-faith payment are automatically rejected. *Said good-faith payment is not required in the event that the offeror is either an Italian or foreign public agency.*

CITITRUST will issue a receipt for the said payment together with a written obligation to return same by July 31, 1990, plus the interest (at the annual gross rate of 7.5%) accrued thereon from the date of transfer, to the offerors whose offer was not accepted.

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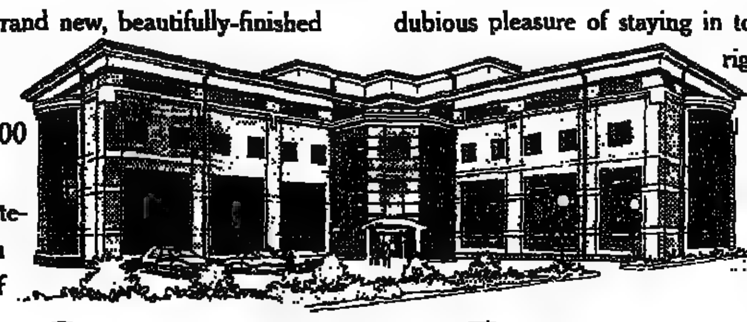

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THEATRE

London

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Elaine Paige failing to emulate Ethel Merman. Jerry Zak's desperately bright production comes from the Lincoln Center in New York and is undemanding fare (734 8951, cc 836 2428).

Jeffrey Bernard is Unwell (Apollo). Tom Conti is the alcoholic journalist who embodies a Falstaffian, nay-saying life force while committing public suicide by vodka. (437 2663).

Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of sybaritic insouciance. A probable, but unspectacular, hit (839 5972).

Bus Stop (Lyric). Glam revival of William Inge's 1955 Kansas comedy, with Jerry Hall making her West End debut as the tank-town "chantoose" to Shaun Cassidy's Montana cowboy, a partnership forged on Broadway by Marilyn Monroe and Don Murray. Plenty of glow but not much grit (437 3686).

Shadowlands (Queen's). Four-tissue weepie about the love affair between crusty Oxford writer C.S. Lewis and the cancer-riddled American poet Joy Davidman, which pushes both Nigel Hawthorne and Jane Lapotaire into the awards stakes. William Nicholson's play is irresistibly emotional. Elijah Moshinsky's direction is superb (734 1166/439 3849).

Stuttgart

Makal City Theatre, Marienstr. 12. Peter Makal, director of the Stuttgart-based International Festival of Mime, now in its eighth year, has put together a truly world-class programme.

Founder of the Makal Theatre, he will present a dozen specialist groups and artists from eight countries, includingthe Soviet Union, East Germany and Hungary as well as Chile, Australia, France and the US. Ends June 4 (0711/626208).

New York

Cat on a Hot Tin Roof (Eugene O'Neill). Kathleen Turner, whose statuesque good looks embody Tennessee Williams' vibrant character Maggie, is surrounded by an excellent supporting cast in Howard Davies' robust production.

Grapes of Wrath (Cort). The Steppenwolf company's interpretation of the Steinbeck epic novel has taken a long time to reach New York from Chicago; the wait was worth it, with the 1930s brought alive in its squalour as well as its test of human strength. Gary Sinise as Tom Joad stands out in Frank Galati's adaptation.

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emotional flavour of the period (239 6200).

Gypsy (St James). This 30th anniversary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition, Tyne Daly, as the bossy, tireless and tuneful Rose, who shamelessly leads her daughter into burlesque while rejecting a personal life for herself (246 0102).

Grand Hotel (Martin Beck). Tommy Tune, Broadway's present musical doctor, directs this remake of the Garbo film to at least shake the bones of this inert depiction of lives crisscrossing in an elegant, but somewhat random setting (246 0102).

Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical in contrast with the elaborate original a decade ago emphasises the descent into madness of Bob Gunton as the demon barber of Fleet Street (239 6200).

Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including *On the Town*, *West Side Story* and *Gypsy*.

The lustre of the credits is dimmed by the brevity of each piece, with a contemporary crew of Broadway aspirants who lack the multi-talents that inspired the heyday of the musical.

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Chicago

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

Tokyo

Kabuki. The National Theatre (265 7411) has a "kabuki classroom" that consists of a lecture demonstration (with earphone translation into English) followed by one of the most famous plays in the repertoire, *Kanjincho (The Subscription List)*. An excellent introduction to kabuki. At Kabuki-za (541 3131).

Swansong. Robert Wilson, darling of the international avant garde jetset, directs a Japanese cast in a "poetic illusion" based on a Chekhov short story. Tokyo Globe Theatre (Mon, Tues) (360 1151).

Peer Gynt (in Japanese). Japan's most famous director, Yukio Ninagawa, best known for his samurai Macbeth and noh Tempest, tackles Ibsen's "unstageable" masterpiece, with a cast headed by a popular young rock singer. Aoyama Theatre (201 7777).

Maly Theatre, Moscow. Chekhov's *The Wood Demon* is an early work, that was later reworked as Uncle Vanya. Performed in Russian. Seinenkan Theatre. (Thur) (235 1661).

Noh. *Kakitsubata (The Irises).* A seasonal piece that concludes with a dance for the spirit of the irises. Hosho Noh Theatre. (Thur) (811 4843).

MUSIC

London

Young Musicians Orchestra conducted by Serge Baudo, accompanied by David Johnston (tenor). Royal Festival Hall (Fri) (071 928 3002).

City of London Sinfonia playing baroque masterpieces. (Sat) Barbican Hall (071 638 8891)

London International Opera Festival, with the Young Singers' Recital. Royal Festival Hall (Sat) (071 928 3002).

London Symphony Orchestra conducted by Richard Hickox, playing Holst, Tchaikovsky and Schumann. Barbican Hall (Sun) (071 638 8891)

Berlin Philarmonic Orchestra conducted by Daniel Barenboim, playing Schubert and Beethoven (Sun) and Mozart and Bruckner (Mon) Royal Festival Hall. (071 928 3002).

Mozart Concerto Festival with the London Soloists Chamber Orchestra conducted by David Josefowitz. Queen Elizabeth Hall (Sun) (071 928 8800)

Guildhall Symphonyy Orchestra conducted by Christopher Seaman playing Beethoven Symphony No 5. Guildhall School of Music and Drama (Wed) (071 638 8891)

Paris

Ensemble Orchestral de Paris. Playing Schubert, Schumann, Lee, Strauss, Debussy (Tue). L'Auditorium des Halles (40282828).

Isaac Stern (violin), **Yo Yo Ma** (cello), **Emanuel Ax** (piano). Brahms, Shostakovich, Beethoven (Thur). Chatelet (40282828).

Orchestre National de Lille and Städtischer Musikverein zuDüsseldorf conducted by Jean-Claude Casadesus with MontserratCaballe, Gerard Garino, and also Jose Van Dam. Berlioz (Thur). Théâtredes Champs Elysées (47203637).

Orchestre National de France, Radio France Choir conducted by Lorin Maazel. Verdi, Tchaikovsky (Thur). Salle Pleyel (45638873).

Essen

Ex Machina 90. The Essen Folkwang University's section for electronic media and computer music, and the Ruhr Foundation of Modern Music are jointly staging Ex Machina 90, an international festival for electronic and computer music from June 6 to 10.

The Essen studio, now 20 years old, is one of the most important and oldest in Germany. It has established a name in the US and all over Europe.

The festival reflects on 40 years of electronic music history and offers several compositions from the four decades. There will be performances by musicians from four countries.

Among the artists are: Karlheinz Stockhausen, Gerhard Staebler, John Chowning, Rainer Boesch and Dirk Reith. Discussions and tape sessions round off the programme. Essen, Folkwang-Hochschule Klemensborn 39 (0201/4903-170).

Milan

Mino Bordignon conducting choral works by Brahms, Shostakovich, Hindemith, Armando Gentilucci, Flavio Testi and Goffredo Petrassi (Mon). Teatro Alla Scala (80.91.26).

Rome

Luciano Pavarotti, Jose Carreras and Placido Domingo in a joint recital (on the eve of the opening of the World Cup), with the orchestras of the Florence Maggio Musicale and the Rome Teatro Dell'opera (Sat). Terme di Caracalla (Rome 46.17.55; Florence 2779236).

Florence

Edita Gruberova singing Dvorak, Mendelssohn and Strauss, accompanied by Friedrich Haider (Fri). Teatro Comunale (2779236)

Naples

Carlo Maria Giulini conducting the Scala Philharmonic in the opening concert of Salvatore Accardo's splendid Settimane Musicali Internazionli, playing Schumann, Ravel and Stravinsky (Mon). Teatro San Carlo (7612857).

Madrid

Barry Douglas (piano). Prokofiev, Shostakovich, Liszt (Fri).Auditorio Nacional de Musica (337 01 00).

Spanish Chamber Orchestra with Victor Martin conducting and the soloist. Boccherini, Mozart, and Vivaldi (Tues). At the Auditorio Nacional de Musica (337 01 00).

Arturo Pizarro (piano). Beethoven, Chopin, Rachmaninov (Wed6). Auditorio Nacional de Musica (337 01 00).

Barcelona

La Capella Reial de Catalunya. Artistic director JordiSavall. F.Valls, Handel (Wed). Basilica de Santa Maria del Mar (315 12 14).

New York

Elizabeth Rich piano recital. Bach, Schubert, Chopin (Mon). Alice Tully Hall, Lincoln Center (874 6770).

Itzhak Perlman (violin), **Pinchas Zukerman** (viola), **Lynn Harrell** (cello). Beethoven (Wed, Thur). The Kaufmann Hall (427 6000).

Manhattan Philharmonic conducted Will Kesing. Menotti; John Keenan conducting. Verdi (Tue). Carnegie Hall (247 7800).

Jose Carreras tenor recital with Lorenzo Bavaj (piano). Mixed programme (Thur). Carnegie Hall (247 7800).

Washington

National Symphony Orchestra conducted by Mstislav Rostropovich. Glinka, Deak, Makris, Doppler, Gould (Tue); with Oratorio Society of Washington under the direction of by Robert Shafer. Rimsky-Korsakov (Thur). Kennedy Center Concert Hall (467 4600).

Chicago

Chicago Symphony Orchestra conducted by Klaus Tennstedt with Ray Still (oboe). Mozart, Strauss (Tue); Klaus Tennstedt will be conducting, accompanied by Arleen Auger (soprano). Haydn, Mahler (Thur). Orchestra Hall (435 6666).

Tokyo

Vienna Mozart Chamber Symphony. Mozart Abend. Orchard Hall (Mon) (546 9348).

Marc Laforet (piano). Debussy, Chopin, Beethoven. Suntory Hall (Wed) (461 4631).

Juilliard String Quartet. Haydn, Sibelius, Ravel. Casals Hall (Wed) (403 9999).

New Japan Philharmonic Orchestra conducted by K. Koizumi. Berg, Respighi. Bunkamura, Orchard Hall (Wed). Tokyo Bunka Kaikan (Thur) (489 1531).

NHK Symphony Orchestra conducted by Jean Fournet. Debussy, Mozart, Tomasi. NHK Hall (Thur) (465 1781).

OPERA AND BALLET

London

Royal Opera, Covent Garden. Simon Rattle makes a belated debut conducting the new production by Bill Bryden of Janáček's *Cunning Little Vixen.* Thomas Allen, Lillian Watson, Diana Montague, Robert Tear, and Gwynne Howell head the large cast. Final performances of the unhappy *Trovatore* revival, with Carol Vaness, Eva Randova, Alexey Steblyanko, and Sergey Leiferkus in leading roles; Sian Edwards conducts.

English National Opera, Coliseum. End of the ENO season: one performance each of Robin Holloway's *Clarissa* and *The Marriage of Figaro* (836 3161).

Paris

Opéra. Taylor, Cunningham, Morris bring questions of psychology, of perception and of provocation to the Paris stage (47425371).

Théâtre de la Ville. After Pina Bausch's last performance on Friday, Dominique Bagouet arrives with *Meublé Sommairement*, a text by Bove, choreographed for his company (42742277).

Berlin

Opera. *Fidelio* is a Jean Pierre Ponnelle production. *Der Feuervogel/Le Sacré du Printemps/ Bolero* are three ballets, choreographed by Maurice Béjart. *Così fan tutte* is well sung by Angela Denning, Carol Malone, Ute Walther, Manfred Fink and Lenus Carlson. *Tosca* features Pilar Lorgenar, Giorgio Merighi and Ingvar Wixell. Further offered *Cinderella*.

Hamburg

Opera. *Romeo et Juliet* has John Neumeier choreography. *Zar und Zimmermann* is a well done repertoire performance with Gabriele Rossmanith, Wolfgang Rauch and Peter Galliard. Also an Eva Maria Tersson Lieder recital, accompanied at the piano by Herta Werner with songs by Wolf, Grieg, Sibelius and Rangstroem.

Frankfurt

Opera *Ariadne auf Naxos* convinces thanks to Helena Doese, brilliant in the title role. Further performances of *Rusalka*.

Cologne

Opera. The two rarely played Rossini operas *La Cambiale di Matrimonio/Il Signor Bruschino* are sung by John del Carlo, Teresa Ringholz, David Kuebler, Janice Hall and Alberto Rinaldi. Britten's *The Turn of the Screw*, sung in English, has fine interpretations by Helen Field, Samuel Linay, Machiko Obata and Menai Davies, expertly conducted by Steuart Bedford.

Bonn

Opera. Last *Fledermaus* performance with Ludwig Baumann, Pamela Coburn, Claudia Rueggeberg and Krisztina Laki. The successful *Das Rheingold* production by Jean Claude Rieber stars Wagner specialists Siegmund Nimsgern, Graham Clark, Manfred Schenk and Hanna Schwarz. Also Youki Vamos' ballet *Coppelia am Monmartre*.

Munich

Opera. *Nabucco* stars Julia Varady, Julia Faulkner, Wolfgang-Brendel and Paata Burchuladze. *Die Liebe der Danae* has Sabine Hass Andrea Trauboth and Paul Frey, excellent as leads. *Don Giovanni* has a first-rate cast led by Cheryl Studer, Mariana Nicolesco, Alan Titus, Kurt Moll and Goesta Winbergh. Also in repertory: *Mose* with Cornelia Wulkopf, Doris Soffel, Manfred Schenk and Alejandro Ramirez and John Cranko's ballet *Der widerspenstige Zähmung*.

Madrid

Teatro Albeniz: Mozart Festival. Slovakian National Opera in. *Don Giovanni* conducted by Viktor Malek and Rossini's *Il Barbiere di Siviglia* conducted by Olivier Dohnahy (246 76 22).

Teatro Lirico Nacional la Zarzuela. Respighi's *La Fiamma* is performed for the first time in Spain, conducted by Jose Collado, with a cast led by Monserrat Caballe and Elena Obraztsova. Produced by Hungarian State Opera. Ends June 17 (429 82 25).

Finnish National Ballet. *La Dame aux Camelias*, based on music by Saint-Saens, choreography by Domy Reiter-Soffer. Centro Cultural de la Villa (575 60 80).

Barcelona

Gran Teatre del Liceu. Aprile Millo concert, with the Liceu's Symphony Orchestra conducted by Eugene Kohn. Rossini, Verdi, Smetana, Dvorak, Bellini (Wed) (318 92 77).

Rome

Teatro dell'opera. Last performance of Verdi's *Luisa Miller*, with Aprile Millo, Paolo Conti and Alberto Cupido, conducted by Roberto Abbado, and Oleg Vinogradov's version of *Swan Lake*, with soloists from the Kirov in the lead roles, sensitive conducting by Armando Gatto, but unsatisfactory sets, which leave the swans dancing against an unattractive background of mudflats (46.17.55).

Florence

Teatro Comunale. Luciano Pavarotti in Giuliano Montaldo's production of Verdi's *Il Trovatore*, conducted by Zubin Metha also in the Castare Giorgio Zancanaro, Susan Dunn and Dolora Zajich (Thur). Maggio Musicale (2779236).

Bologna

Teatro Comunale. June Anderson (alternating with Giusi Devinu) and Vicenzo la Scola in Giancarlo Cobelli's production of *Rigoletto*, designed by Paolo Tomasi and conducted by Daniele Gatti (529999).

Venice

Teatro la Fenice. Pier Luigi Pizzi's production of Wagner's Lohengrin conducted by Christian Thielemann, with Francisco Araiza, Wolfgang Probst, Nadine Secunde and Gudrun Vokert. Opens Wed (5210161).

New York

American Ballet Theatre. The 50th anniversary season includes this week Kenneth MacMillan's *Romeo and Juliet*. Season ends June 30. Opera House at Lincoln Center (362 6000).

New York City Ballet. With a repertory still heavily steeped in Balanchine, the company presently features a festival of Jerome Robbins's ballets. Season ends July 1. New York State Opera House, Lincoln Center (870 5570).

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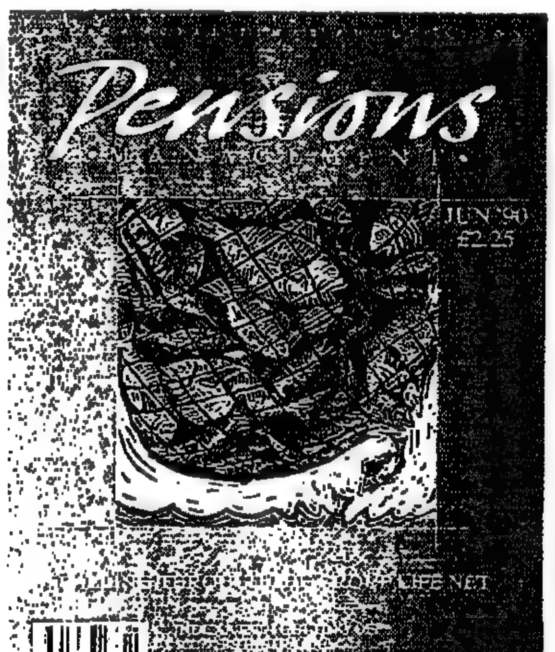

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FRF 450,000,000 FLOATING RATE NOTES 1987-1997

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from May 31, 1990 to August 30, 1990 has been fixed at 10.125 per cent per annum.

On 31 August, 1990 interest of FRF 258.75 per FRF 10,000 nominal amount of the Notes, and interest: of FRF 2,587.50 per FRF 100,000 nominal amount of the Notes will be due against coupon no. 12.

Notices to holders, including notices relating to the quarterly determination of interest rates, will be published only in "L'Agence Economique et Financière" (Paris) and in "The Financial Times" (London).

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme

ART GALLERIES

WESTMINSTER,
071-834 0283 cc 071-834 0048 (24 hrs on bkg fee 379 4444) SYLVESTER McCOY, FRANK MIDDLEMASS, ADEN GILLETT, RULA LENSKA, TEMPTATION by Vaclav Havel with ROBERT LONGDEN dir by JAMES ROOSE-EVANS.
Previews from MAY 29 (all seats £7.50) press night June 6 at 7pm.

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FINANCIAL TIMES
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ARTS

The Power and the Glory

CHICHESTER FESTIVAL

…e gilded pilasters and …inted ceilings of Latin …atholicism provide an …obtrusive background; but …e first scene requires the …ntist's chair to glide on, …plete with Chief of Police, …gnalled by a banner that …oclaims "Dentista."

This is Mexico not so much …cording to Brechtian …ecepts but as presented by …llage hall theatricals. …isgivings are confirmed by …e least convincing peasants …er to swarm over the genteel …rf of West Sussex, …eadscarves and grubby faces …otwithstanding; the …nbarbing ejaculations as …ey run on, madly in …aracter, to move the …rniture between scenes; and …e risible attempts at …atin-American swagger as …ey dance in the seedy hotel.

This is Graham Greene-land …f tormented paradox, …nguished questing and …expected grace, translated …o Chichester's green and …leasant festival. And in Tim …uscombe's production it is …ot a pretty sight. Denis …annan's adaptation of the …ovel dates from 1955. The …eatre's terms of reference …t the time now look merely …heatrical. Television has …poilt us with its insidious …mediacy, ideal for internal …onflict or claustrophobic …truggle. Paradoxically, …espite the big effects (crowd …cenes, processions) that seem …o cry out for representation, …reene is not an author who …emands spectacle. The …ilemmas of his characters …re inward-looking, the …onfrontations are tense and …lmost obscenely intimate. …n stage they simply look and …ound declamatory and, worst …f all, old-fashioned.

All might fall into place …ith a still centre at the eye …f the storm – in the role of …e whisky priest, the …orthless man of God aching …o be betrayed but too …rupulous in his calling to …mmit the sin of giving …imself up. Edward …therbridge's air of pained …stidiousness, more a Martini …riest, an ascetic don who has …und a dead rat under High …able, marks him out as a toff …o obviously that he would …rely not have lasted a …inute as a fugitive cleric in …is socialist revolutionary …ate. His bemused …ubriousness makes his …ring of a bastard child as …ell as his addiction to the …ottle utterly improbable. The …ost fleshly thing about him …the carefully applied sweat …ain on the back of his jacket. …has an unreality about it …at sums up the production.

The locals speak with a …ixture of British accents – …ckney, Scots – which is fair …ough; but Ronnie Letham's …merican-Mexican Speedy …onzales tones as the …lf-caste fixer, however …gical, sound wrong. Sturdy …pport, though smacking …ore of Shaftesbury Avenue …an Chiapas, comes from …hn Turner's Police Chief, …ary Taylor's well-placed …ofiteer and Jeffrey …ickham's eternal expatriate, …e dentist. Chichester's …ndness for old West End hits …metimes turns up gilt …erdusted, but this play …ould be left in the attic or, …tter still, within the pages …the novel. The mélange of …m sound-track mannerisms …Corin Buckeridge's music …inches it.

Martin Hoyle

Altarpieces through the ages at the Louvre

If you are unlucky, you will still stand in a queue to visit the Louvre this summer. A year after the opening of I. M. Pei's glamorous and controversial pyramid, the Louvre has become more popular. Surveys show that the visitors are slightly younger, they spend longer, and return more eagerly. More of them are French, which is particularly gratifying to the administration. Parisians are notoriously unimpressed by their city's permanent collections. To put it cynically, there is more mileage at the dinner table from discussing the latest temporary exhibition, and such considerations seem to matter more than they do in London. Even so, President Mitterand's beloved project for creating "le Grand Louvre" is having its effect, and the *palace of kings and emperors* has regained much of its *chic*.

So what is there to entice you to the Louvre this summer. *Polyptychs*, in the new Hall of Napoleon, is a fascinating exhibition, typically French in grandeur of conception. The first in a series which will span Ancient and Modern, it has riches to please both camps.

Polyptych literally means many-folded. Typically, it used to mean the medieval or Renaissance altarpiece with shutters which could be opened on feastdays. Matthias Grünewald's vast Isenheim altarpiece in Colmar is an obvious and particularly complex example. However, art historians now require less of a polyptych. It can be any work composed of a coherent set of paintings, whether fixed or not. The particular angle of this exhibition is to show that a polyptych might just as well be 19th century or modern as medieval.

The impact of the first room would be hard to beat. It is dark and densely filled with brilliant altarpieces and panel paintings dating from the 13th to the 16th centuries. These days, panel paintings travel rarely and even less do particularly fragile altarpieces. Most of the works on show therefore are from the Louvre's own collection. However, the Musée Cluny has loaned the superb antependium to the Thornham Parva altarpiece. This is an extraordinarily precious 14th-century English panel, showing scenes from the life of the Virgin. One shows her learning to read at a lectern, a reminder that the Church's drive to educate the layman has something to do with this proliferation of images on the altar. The panel was separated long ago from its companion piece, seen recently in the Royal Academy's *Age of Chivalry* exhibition.

Two other little-known works have been garnered for the exhibition because they have just left the conservation workshop. From the museum at Ajaccio comes a tryptych once thought to be by Giotto. A *dossal*, it would have gone in front of the altar. It was painted in Umbria for a convent in Rimini, giving the faithful a good view of the Nativity, the Crucifixion, and their very own saintly Clare of Rimini in visionary transports. Still more remarkable is the dazzling tryptych by the Master of Cesi, of around 1300, from the museum at Saint-Jean-Cap-Ferrat. Its Rothschild owner in the 1920s took off the side-panels, which show the Life of the Virgin, to make a "medieval" doorway in her villa.

Works by Sassetta by Jan Gossaert and the hectic Spaniard, Luis Borassa, show just how various were the shapes and designs of polyptychs. They could hold relics, enfold a statue of the Virgin, or go in a Flemish nobleman's luggage for his private devotions. At their almost last gasp, in the great tryptychs by Rubens, they towered above a congregation, triumphs of carpentry. The Louvre's wonderful sketch for the Antwerp Exaltation of the Cross showed how Rubens stuck to the old pattern, but covered all three panels with his one, huge drama.

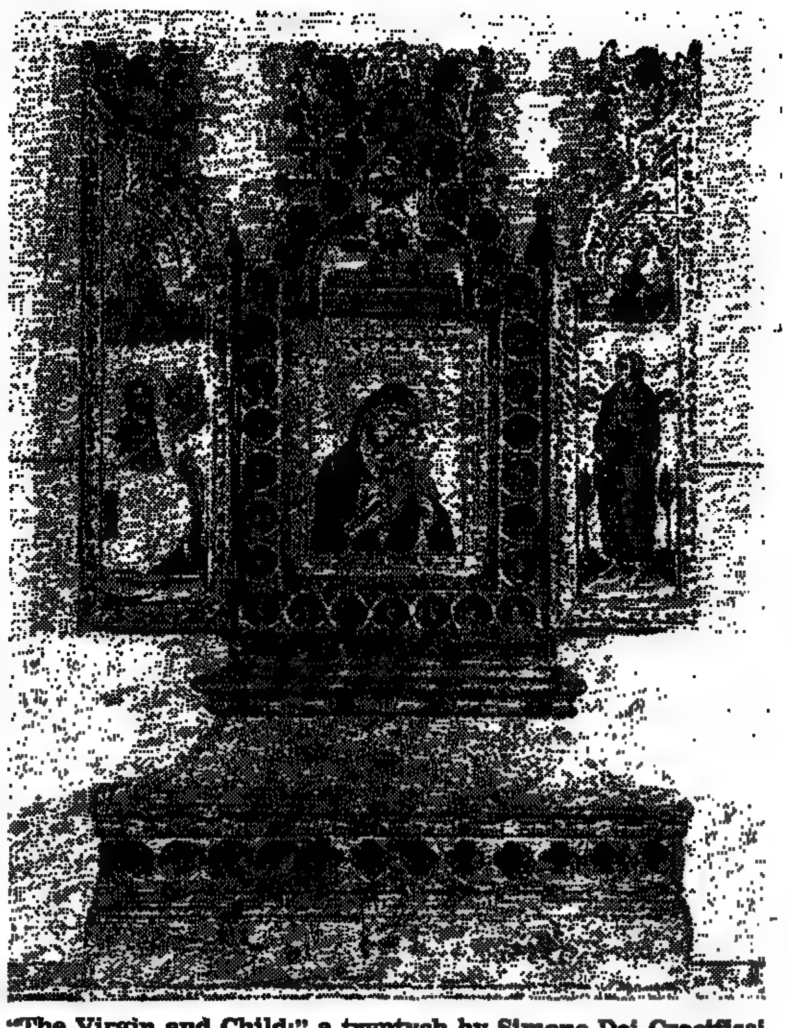
Then comes the rediscovery of the polyptych, by the medievalising Nazarenes in Germany, the pre-Raphaelites in England and the Symbolists in France and Belgium. Polyptychs, we become aware, were just about done to death. There are some deliciously frightful pictures, particularly by Belgians, although a tryptych by Cuno Amiet (1868-1961), shows that in the hands of this Swiss painter, kitsch and the macabre reached a dizzy height. A Charles Maurin tryptych mingled Baudelaire, socialism and nudism, in a heady cocktail; interesting to see that one panel, "Dawn of Love," comes from the Barry Humphries collection. Of the contemporary works, including paintings by likes of Markus Lüppertz, Anselm Kiefer and Pierre Soulages, let me simply say that there are some arresting works here. And if the notion of polyptych becomes distinctly woolly in the hands of our modern masters, I am not gong to complain.

One minor irritation of the Louvre's special exhibitions is the piercing and competitive level of erudition dished out by the guides. When I was pondering the polyptychs, no less than six ladies of the haute *bourgeoisie* were *haranguing their* flocks. You may find life quieter at some of the other special exhibitions. If you are a connoisseur of unintentional comedy in Old Masters, I recommend a scene by the 17th-century painter, Laurent de la Hyre, in the acquisitions exhibition installed in one room in the Hall of Napoleon. Inspired by the tag, "Evil is always at the door," the artist showed four Grecian beauties playing dice on a terrace. A roof-tile hangs in mid-flight, about to smash one of them on the head.

Five years of acquisitions by the prints and drawings department go on view today, with an important new exhibition of paintings by Guercino from French churches and public collections (until 12 November). Guercino was keenly admired by French collectors up to the early 19th century, and some 20 paintings and 36 of his brilliant drawings will be on view.

Meanwhile *French Neo-Classical Sculpture in the Louvre* continues until 31 December, also a large series of gouaches of Sicilian scenes by Jean-Pierre-Laurent Hoüel, made from 1782 to 7. Other major exhibitions open this summer are: the Grand Palais is showing Joseph Wright of Derby (until 23 July), as well as a remarkable exhibition of Pre-Columbian art from Mexico.

Patricia Morison



"The Virgin and Child:" a tryptych by Simone Dei Crocifissi (1355-1399), the base of which was used as a reliquary

Donizetti's 'Parisina'

MAGGIO MUSICALE, FLORENCE

The second operatic offering of the Maggio Musicale in Florence, after the exciting *Kitezh* of Rimsky-Korsakov, was the almost equally rare *Parisina* of Donizetti, recently given in the Teatro della Pergola, where the work had its première in 1833. On that distant occasion, though the opera found admirers, it was also subjected to some stern criticism;and while it was performed off and on during the last century, it has had only a few revivals in modern times: a staged performance in Siena in 1964, a concert version a decaded later in New York. Those revivals – and the pirate recordings of them – made it clear that *Parisina's* neglect had been undeserved; and the announcement of this new Florentine production aroused considerable, justified expectation.

But, as admirers of Donizetti well know,productions of his unfamiliar works must be cogently cast and patiently prepared. Instead, the Pergola *Parisina* lacked thrilling singers and showed signs of under-rehearsal. Surprisingly, the excellent musician and experienced, canny conductor Bruno Bartoletti was not in good form: orchestral playing was ragged, and chorus and orchestra were frequently not together. In fact, the chorus sounded always tentative, dim; *Parisina* is hardly a "choral" work, but the contributions of the chorus, when they do come, are vital, and creating the mood of a scene. must be distinct, incisive, not blurred and fudged as they were in Florence. Similarly, Bartoletti failed to bring out the colours of the score: one scene had much the same weight as another.

The evening could still have been saved if the cast had been able to draw from the score its full theatrical power. But – even if there was some good singing from time to time – the music seldom sprang to life. All was two-dimensional. Donizetti's succession of arias, duets, ensembles, scenas, many of them the equal of his most famous achievements, were merely notes most of the time.

Florence's tenor, Dano Raffanti, has been heard in some of the world's leading houses, but this tells us more about today's scarcity of tenors than about Raffanti's talents. The part of Ugo was written for Gilbert-Louis Duprez, famous as the inventor of the "do di petto," or rather the "ut de piotrine," since he started singing the full-out high C in France. With Raffanti it was not a question of managing the high notes; he simply was not equal, vocally or temperamentally, to the demands of the part, and thus he nullified several of the operas most important scenes. His antagonist, Azzo, was sung by Giorgio Zancanaro, whose merits and demerits are familiar: he has a serviceable voice, sings correctly, but dully. Here in the second act in the chamber scene with Parisina, he had a few affecting moments and with other partners he might have been more effective.

Mariella Devia, in the starring part, had no technical difficulties; and in the more tender moments – her wistful aria in the first scene of Act II, her lament over the dead Ugo at the opera's end – she was a convincing heroine. But whenever a stronger stance, a bold defiance, was required, the voice tended to harden. This was a Parisina who often seemed a termagant; her sound lacked the very innocence that is essential to the part. She could occasionally be sad, but almost never sweet. The smaller roles – the old court minister Ernesto and the lady-in-waiting Imelda – were confidently, effectively sung by Dimitri Kavrakos and Tiziana Tramonti.

Ulisse Santicchi designed elaborate, but cumbersome, unattractive costumes. His set was, in itself, handsome, but fixed, monotonous, seldom appropriate. A pair of steep choirstalls reduced and cramped the playing area. All was panelled in dark wood, with a rear wall which could disappear and reveal a garden on the Po, or could turn into a passage, a chapel or – finally – a broad wooden slide down which Ugo's draped corpse was carried. By keeping the chorus seated, visible, uncomfortable, in the stalls throughout the evening, the producer Giulio Chazalettes shirked his duty, introducing an extraneous, distracting element in the staging thus diminishing still further the action's impact.

In short, a missed opportunity.

William Weaver

London Symphony Orchestra

BARBICAN HALL

Wednesday's concert found the LSO being urged toward ever greater heights of expertise by Michael Tilson Thomas, who not only led a finely engineered Mahler Second, the "Resurrection" Symphony, but seized the chance to use some of its required forces for performing some Carl Ruggles.

Ruggles was a shellbacked New England anti-semite, but also a seriously original composer, too self-critical to publish more than a minuscule *oeuvre*. Nearly every piece has its own formidable stamp. It is time we heard his terrific *Suntreader* again (a "seminal" work, as they say: compare it with the first movement of Britten's later *Sinfonia da Requiem* and be convinced). Meanwhile, we could be grateful for Tuesday's sculpted accounts of *Angels*, a celestial conversation for six quiet trumpets – just three this time, plus three trombones: whosever arrangement that was, it worked – and of the toughly argued *Organum* and the simple, wistful "Exultation" Ruggles wrote in memory of his wife, here wordlessly hummed by the LSO's chorus.

Mahler's C minor Symphony was polished to a high technical standard, respected the composer's explicit details large and small, held one's attention securely and got a sustained ovation at the end. The offstage fanfares came at us from three directions, with a clean impact (but for one unlucky horn). Though the first Scherzo struck me as much too speedy and smooth to make its unsettling effect, it was nevertheless an accurate translation of Mahler's literal marking, "In ruhig fliessender Bewegung." All of Tilson Thomas's other tempi were beyond reproach, and he achieved superb clarity in difficult places.

To these perhaps jaded ears, the gleaming surface seemed to conceal too little: not much cumulative drama (which the Apocalypse surely deserves) to give full value to the climaxes, nor enough expressive moment-to-moment vitality. On the one hand, the up-front Barbican acoustic never helps to suggest depths, and this extrovert conductor always signals his intentions so clearly that orchestral nuances can seem "spontaneous" only to the blind. On the other, more seriously, Tilson Thomas likes a motorised modern pulse (slow *or* fast) which can accommodate *rubato* and breath-pauses without really relenting.

The result is that his sudden, vivid strokes don't seem to alter the direction of the music. There may be high theatrical contrasts between successive paragraphs, but they don't carry the full weight of conflicting musical thoughts. Even earlyish Mahler – not to mention Bruckner, with whom Tilson Thomas has experimented lately – wants more density of feeling than that: without it, the symphonic structure comes to little more than a picaresque narrative, one thing after another. I doubt that there's any adequate substitute for embracing *mittel*-European sentiment shamelessly, without reserve nor cool, late-20th-century "good taste."

David Murray

The Lost Domain

WATERMILL THEATRE, NEWBURY

Euan Smith's play is based on Alain-Fournier's novel *Le Grand Meaulnes*, but only after the interval do the events on the stage begin to solidify into something like the story of the book. The novel is too random to offer itself for adaptation to the stage, and the dramatist has had his work cut out to invoke the youthful romanticism that people find in the story, though it is suggested in a long first act. This covers, rather vaguely, Meaulnes's visit to the weird party at the strange estate, and introduces most of the characters.

In the second act we know who we are dealing with and what they are like. Meaulnes marries Yvonne de Galais, sister of Frantz, the young eccentric who failed to be married in the first act (to a girl nobody knew). Meaulnes (whom even his best friend François Seurel addresses always by his surname) quits his wife to find Frantz's girl, and this he does by sitting on a bench in Paris until a pick-up tells him of her broken romance, a tale that precisely matches Frantz's.

These affairs are played in a style more balletic than dramatic. The directors, Chris White and the author, like emotions to be defined by attitude, by sitting, lying, running or whatever. Dialogue is mainly curt. When it is conversational, it has an oldfashioned ring – "you can be called on in your house" – with occasional jerks into current slang to show that most of the characters are teenagers. Three of the girls are occasionally used as Chorus, mining deeper into Alain-Fournier than the louts at M. Seurel's school can.

They are all louts at Saint-Agathe except Meaulnes (Rufus Sewell) and François (Valentine Pelka). They mock François for his bad leg, though we hardly notice it. Only Matthew Sim, as Frantz, shows any evidence of breeding; and I think if his part were more fully written we might see a touching performance. Candida Gubbins as his sister Yvonne dies gracefully while her husband is on his Paris bench, leaving his baby to be brought up as a Seurel.

Although the Chorus keep reminding us that there is "So much evil, so much good," I have to confess that I was not moved by the events on the stage, only by the way they were done (and I do not mean the acting).

Gregory Smith's designs made the most of the Watermill's little stage, and the directors dressed it prettily. One scene was designed to be played in the garden outside, but rain prevented that – quite aptly, for there is rain on almost every page of *Le Grand Meaulnes*.

B.A. Young

Perlemuter

WIGMORE HALL

Vlado Perlemuter, who celebrated his 86th birthday a few days ago, gave on Wednesday a piano recital in which his great and noble gifts were movingly displayed. The programme was short, and made up mainly of smaller pieces by those composers – Debussy, Chopin, Fauré, Ravel – with whose music he has been closely associated across a long career. There were smudged passages, mainly in the grander stretches of the Chopin Barcarolle and C sharp minor Scherzo, but these were of small account – never sufficiently serious or long-lasting to blur the musical outlines so grandly and truly shaped.

Most important, one was given ample opportunity to appreciate that the special authority of Perlemuter's playing is still preserved intact. He schools us in a style of French piano-playing that otherwise seems on the point of being lost forever – one which presents the music with aristocratic confidence in direct speech and unvarnished delivery, which places the natural utterance of melodic line and flow of parts in importance above appliqué tricks with texture and shading.

Debussy's *Pour le piano*, which opened the recital, rang out with wonderful singing frankness (the big sound that this frail man can draw from an instrument always comes as the most pleasurable of shocks): a study in line-drawing to make most Debussy-playing seem (temporarily at least) mincing and faddish by contrast. The same qualities of simplicity and directness infused the closing account of four movements from the Ravel *Tombeau de Couperin* with a brilliance that was not a matter of digital dexterity (though in the final Toccata the repeated-note figuration was tickled with enviable lightness).

Perlemuter gives the notes space to expand in, air to breathe: it is an art easier to admire than to analyse or explain. In this respect, perhaps the most rewarding performances of all were the three *Fauré Nocturnes* after the interval. In particular, the late B minor Nocturne, Op.119, a combination of spare, at times drily luminous part-writing and immense harmonic subtlety, was a miracle of patient, logical unfolding. The music was allowed to order its points, shape its argument, at its own pace of heart-beat, as it were, and so the richness of the experience was out of all proportion to its duration. This goes for the concert as a whole.

Max Loppert

ARTS GUIDE

June 1-7

EXHIBITIONS

London

…e Tate Gallery. The entire …manent collection has been …ung so that the visitor may …w take a natural circuit …ough the newly restored galleries, from 16th century British …nting through to the the most …ent of modern international … It is a curatorial triumph.

…e Royal Academy. Modern …sters from the Gelman Collec…n – a self-explanatory exhibi…n of masterpieces of the 20th …tury from Bonnard and earli… Picasso to Picasso the old …n, by way of all the great …mes of the School of Paris, …tisse, Modigliani and the rest. …s a true celebration, not of …re art history, but of the joy …be had in the possession of …at art. Until July 15; spon…ed by Guinness.

Paris

…re musées et monuments sold …museums and metro station… …able visitors to avoid queues …60 museums and monuments, …luding the Louvre, Musée …rsay and Versailles.

…lerie Schmit. French masters …the 19th and 20th century. …r the 25th anniversary of his …arly exhibitions Robert Schmit …s assembled an impressive …llection of paintings. There …e works by Pissarro, Degas, …lacroix, Cezanne, Gauguin, …net, Monet, Renoir and …asso. 396, rue Saint-Honoré, …sed Sundays and lunchtime, …ds July 18 (42603636).

…gatelle Chateau and Trianon. …enna 1815-1848 – the Bieder…eier period. Vienna's museums have lent some 250 pieces of furniture, porcelain, paintings and objets d'art for an exhibition of the style which expressed the Austrian capital's changed mood after the turmoil of Napoleonic wars – the Biedermeier style. Bois de Boulogne. Ends August 15 45012010).

Galerie Odermatt-Cazeau. 19th and 20th Century Masters. A thread of excellence runs through the exhibition, which begins with the impressionists and ends with an abstract Picabia. Monet's Charing Cross Bridge floats in a haze of pinks and blues. The realism and heavy pathos of an early Toulouse Lautrec – Le Buveur – is in contrast to his Jane Avril, expressive of his mature period. Closed Mon. ends July 22.

Musée Carnavalet. Antique bronzes. Some 400 statuettes bring to life the Gallo-Roman world up to the 5th century. Closed Mon, ends July 1 (42722113).

Musée d'art Moderne de la Ville de Paris. Kees Van Dongen. 132 works retrace the career of the painter who, as one of the *Fauves*, enjoys provoking the public with daring juxtapositions of violent colours, charcoal contours and green shadows. The Dutch-born artist goes further and shocks with erotic subjects and poses, only to subside later into portraiture of the elegant and famous. 11, Ave President Wilson, Closed Mon, late closing Wed. Ends June 17 (47236127).

Brussels

Hotel Communal de Schaerbeek, Place Colignon – treasures of the commune. Works by Constantin Meunier, Jef Lambeaux and other Brussels artists of the 19th and 20th centuries, daily except holidays. Ends June 11.

Isy Brachot. Portrait of the Pace gallery of New York. Calder, Dubuffet, Picasso, Rothko and others. Ends June 23.

Musée d'Ixelles. 71 Rue Jean Van Volsem. La Poetique des Peintres Italiens a l'Aube du XXe Siècle. Closed Monday. Ends July 15.

Antwerp

Anthony Caro: monumental sculptures. Huis Osterrieth, 85 meir. Closed Sun, ends June 22.

Rembrandt Bugatti and Belgian Animal sculpture (1860-1930) closed Monday ends July 29. Hessenhuis, 53 Falconrui.

Rome

Braccio di Carlo Magno in Piazza San Pietro: Michelangelo and the Sistine Chapel. This exhibition marks the end of a 10-year project by Vatican restorers on the ceiling of the Sistine Chapel and the beginning of an estimated further four years' work on The Last Judgment.

Palazzo Venezia: Art for Popes and Princes of the 17th and 18th centuries. Over 70 large and exuberant canvases from the country seats of popes, cardinals and the Roman aristocracy (Chigi, Barberini, Colonna, Pamphili etc) in the area stretching south of Rome, once known as the Campagna Romana.

Galleria Nazionale d'Arte Moderna. Fabrizio Clerici retrospective: in a labyrinth designed by the artist himself and built in the gallery's workshops are hung a series of exquisite drawings and paintings, which move from a group of baroque drawings of Naples, inspired by a childhood visit, to intricate metaphysical works in pastel shades which manage to be simultaneously restful and stimulating. There are also references to Signorelli's apocalyptic frescoes at Orvieto, and the 19th century romantic Boecklin. Ends Sept 16.

Bologna

Galleria d'arte Moderna. Giorgio Morandi retrospective. Over 200works lent by Italian and foreign museums celebrating the centenary of the painter's birth. Limiting himself almost entirely to still-lifes and landscapes inspired by the countryside around his native Bologna, Morandi has been described as the painter of silence. Ends Sept 2.

Mannheim

Städtische Kunsthalle, Moltkestr. 9. Emile Bernard, a painter always in the shadow of Van Gogh and Gauguin is honoured with a retrospective of 170 early paintings. Ends August 5.

Munich

Kunsthalle der Hypo-Kultur-Stiftung, Theatinerstr. 15.Joan Miro a collection of scurrilous sculptures and previously unpublished drawings by Miro will be on display in Munich's Kunsthalle until June 17. There are about 130 examples of the work of the Spanish surrealist artist, who died in 1983 at the age of 90.

Vienna

Museum für Volkerkunde has a marvellously exotic exhibition called Jemen, focusing on the world around the Queen of Sheba. Ends June 10.

Madrid

Museo del Prado. Sanchez Coello (1531-1588). Some 50 paintings by this Spanish artist born in Valencia, predecessor of Velazquez. Mostly portraits painted in the court of Phillip II as well as some religious works. Ends June 30.

Barcelona

Fundacion Caja de Pensiones. Edwuard Ruscha retrospective. Clear exponent of the latest artistic developments of the west coast of the United States, Ruscha aims to knock down art's traditional role and to offer an ironic view of reality. Closed Mon. Ends July 15.

New York

New York Public Library. More than 125 documents of the Abolitionist Movement, including photographs, letters and rare books, display the spirit and drive of the long effort to free the slaves. Ends Sept 15.

Museum of Modern Art. The first retrospective in America in 25 years marks the 80th birthday of Francis Bacon with 60 works dating back to his figure studies of the 1940s. Ends Aug 28.

Washington

National Gallery. More than 90 prints by Edvard Munch show the Scandinavian artist at his most colourful and prolific, mining his familiar emotional themes of anguish, jealousy, and death. Ends Sept 3.

National Museum of African Art. The national tour of artistic and religious objects, much of it sculpture, encompasses nine centuries of Yoruba civilisation. Ends Aug 26.

Chicago

Chicago Historical Society. The Land of Lincoln does its most famous citizen proud in the exhibition A House Divided. America in the Age of Lincoln, with documents, mementos and personal effects of the Great Emancipator.

Chicago Historical Society. A special exhibit of Frank Lloyd Wright's designs for art-glass windows, furniture and silver shows why the details completed the Wright look. Ends June 17.

Art Institute. Before going to the Royal Academy in London later in the year, Chicago gets to see Monet's series paintings, including Haystacks, Poplars and Rouen Cathedral, all from the 1890s. Ends August 12.

Tokyo

Idemitsu Museum. Oriental Ceramics from the Topkapi Palace, Istanbul. The Topkapi's huge ceramic collection is especially strong in pieces from China and Japan, which were brought to Turkey via the Silk Road of the Sea. A representative selection has been chosen, which marks the 100th anniversary of Turko-Japanese relations. Closed Mondays.

National Museum of Modern Art and Crafts. Van de Velde: furniture, architectural plans, pottery, silverware and photographs by the Belgian Art Nouveau designer. Closed Mondays.

SALEROOM

Small but specialised

Antiquities remain a small, specialised, market in which interesting items sell cheaply and selectively. Sotheby's auction yesterday totalled £262,229 with just over 31 per cent unsold. Top price was the £15,400 paid for a Roman glass skyphos (a two handled beaker), made in the 4th century AD, decorated with two figures, and restored.

A wooden Egyptian sarcophagus and cover, from the Middle Kingdom (1987-1640 BC) doubled its estimate at £12,000 and the London dealer Ede paid the same sum (way above estimate) for an Egyptian grey stone head of around 1070 BC. A Sumerian clay tablet of the 3rd dynasty of Ur, around 2050 BC, with information about cattle, goats and sheep, also did well at £11,000.

At Sotheby's in Billingshurst a pair of white marble urns, over five feet high, commissioned from the French architect Geskin in 1868 to decorate Lynford Hall in Norfolk, sold just above target at £61,000 and a set of six white marble vases of around 1700, each 22 inches high, went at the low estimate, £34,100. A bronze group of two fighting cocks sculpted by Frédéric Deschamps in 1894 made £17,600.

In New York on Wednesday Sotheby's had a setback in Chinese paintings when the top lot, an album of landscapes and calligraphy by the leading 16th century artist Dong Qihang was unsold at $700,000. Robert Chang, the Hong Kong dealer, paid $561,000 for *Moonlit Stream*, a handscroll by Tang Yin, who worked around 1500, and $231,000 for an album of eight double leaves written by Zgao Mengfu in the late 13th century.

The British Rail Pension Fund has almost completed the disposal of the works of art it acquired in the 1970s. At Sotheby's on June 19 it is offering its 19th century paintings, which includes some important pieces, notably Lord Leighton's *Dante in Exile*, which carries a top estimate of £700,000; the very familiar *The General Post Office* by Hicks, (top estimate £130,000); and Richard Dadd's *Atlanta's Race*, painted in 1873 when he was in Broadmoor for murdering his father.

Antony Thorncroft

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Helping Mr Gorbachev

REVOLUTIONS NOT only eat their children; sometimes they devour their fathers. Mr Mikhail Gorbachev, reformer extraordinary, has released in glasnost and perestroika monsters that look increasingly likely to devour him.

The triumph of Mr Boris Yeltsin is a triple blow to Mr Gorbachev: it brings forth a new rival: it opens him up to vigorous assault on his reformist flank; and, most importantly, it is a dagger in the heart of the Soviet Union. If Russia, the cradle and the backbone of the empire really has had enough of exchanging imperial grandeur for domestic squalor, then the country must be doomed in its present form.

Mr Alexander Yakovlev, Mr Gorbachev's closest aide, talks, presumably with Mr Gorbachev's approval, of a nation in which "every republic would conclude different, individually-tailored treaties with the centre". This vision of a loose and disparate federation may prove too little and have come too late. It is, in any case, a Soviet Union in which President Gorbachev could find himself as insignificant as was the Holy Roman Emperor.

The weakening of central power makes economic reform far more difficult to manage. But it also makes it still more essential. In the stalinist economy exchange was mediated from Moscow. Now each component part of the Soviet Union – be it republic, enterprise or city – seeks self-sufficiency. Only a rapid move to the market can save the Soviet economy from falling into autarkic fragments, in each of which local despotisms would exercise sway over impoverished dependents.

Unhappily, economic reform has this far been a march on a road from one half-hearted failure to the next. By now it may be too late to impose coherent reform. Certainly, that most recently adumbrated by the Prime Minister, Mr Ryzhkov, did not meet this test.

Mr Ryzhkov is, it appears from comments made this week by one of Mr Gorbachev's advisers, Professor Stanislav Shatalin, now left hanging in the wind. None the loss, the mess made of these vaunted radical reforms demands an explanation. The only comforting one is that the bureaucracy has been given its last chance. Its failure to come up with anything better than a half-hearted reform, the main feature being imposition of long pre-announced price rises, can be used to discredit it. More radical proposals are now being drafted, says Mr Shatalin, but ones that need large credits from the west.

Market economy

There is by now a a certain parallelism of interest between Mr Gorbachev's government and those of Mr Yeltsin and the other republics. They all need a rapid move to a market economy. There is no other way to maintain exchange throughout the country.

How is it to be done? The heart of a market economy is not prices. It is ownership and the link between effort and reward, which alone can end the alienation of the worker from his work that characterises the socialist economy. Mr Gorbachev's advisers are right to emphasise institutional changes, by far the most important among them being de-monopolisation and the distribution of ownership rights both to workers (though as individuals) and to individual citizens. They are also right, as Mr Georgy Arbatov recently noted in the FT, to criticise the emphasis placed upon the painfulness of reform.

Transitional pain

None the less, some pain is unavoidable, even if only in the transition. There will be unemployment; there will be a redistribution of income; and there will be a reduction in the (largely notional) real value of financial wealth. Yet the greatest losses need not fall on the ordinary people; they should fall on the huge and incompetent class of functionaries.

Ordinary Soviet citizens should benefit from the improved efficiency that reform will bring about. Distributing shares to the people will be the surest method of ensuring they do. Where unemployment is called for, let extra shares be given to the workers who leave, not those who remain. Let Soviet socialism go capitalist in a socialist way, by allowing everyone to obtain income from capital.

If the Government finally contemplates reform this radical, which is the only sort worth contemplating by now, should the west help? Perhaps it should, but outsiders can add no more than marginally to the benefits from more efficient use of what the Soviet Union wastes, not least in its vast and still threatening military machine.

The west has a profound interest not so much in the survival of Mr Gorbachev or of the Soviet Union as in peaceful change. But the west can make no useful contribution to incoherent reforms proposed by a weak and confused government. It can make a minor contribution to a radical and coherent reform, but would then run the risk of being associated with (and blamed for) what could still prove both painful and unsuccessful.

As has been shown in the cases of Mexico, Brazil and Poland, radical change comes from despair; it comes from within; and its protagonists tread a thin path between desperation and the weaknesses in government that produced that desperation, in the first place. Like those other leaders, Mr Gorbachev has nothing to lose from boldness. It is that or be devoured.

France's ban on British beef

A DEGREE of international disquiet about the quality of UK food can be forgiven. Bovine spongiform encephalopathy (BSE) – or "mad cow" disease – has already killed 11,000 cattle. This is hardly an everyday occurrence. The disease, moreover, follows recent outbreaks of salmonella, botulism and listeria. Disquiet, however, does not justify precipitate action of the kind announced this week in Paris. France should lift its ban on UK beef imports and discuss with British officials ways of addressing the legitimate fears of French consumers.

Trade in agricultural produce is possible only on the basis of a minimum level of trust: food and health authorities in different countries must respect each other's efforts to enforce agreed standards. This is doubly the case in an integrated market such as the European Community.

Indeed, it is somewhat ironic that France, one of the keenest advocates of European integration, should be displaying so little trust in one of its principal trading partners. If and when the 1992 reforms are complete, frontier controls will be consigned to history and there will be no substitute for mutual trust.

French fears

France's position is made weaker by the suspicion that the import ban was motivated less by genuine fears about mad cow disease than by a desire to prop up its own sagging beef market. Prices and demand have fallen partly in reaction to French consumers' worries about hormones in beef: concern about the quality of meat is thus far from unique to the British market.

Doubts remain

The ban could prove extremely damaging: in 1989, France bought more than half of all British beef exports. Britain, however, at least enjoys the staunch support of the European Commission, which yesterday called on France to revoke its ban immediately. Mr Raymond MacSharry, the Agriculture Commissioner, is on record as saying that UK beef is "safe". Senior veterinary officials in Brussels also agree that the UK Government is doing everything necessary to protect the public and control the spread of the disease.

And yet doubts remain. It seems improbable that the European Commission will take legal action against France. The reason is partly that so little is known about BSE and its possible effect on humans. Scientists are assuming that this form of encephalopathy will prove no more harmful than scrapie, a disease that has afflicted sheep for 250 years. There is no evidence that humans have ever suffered as a result of eating scrapie-contaminated meat.

Mad cow disease, however, is a new phenomenon. It is not possible, therefore, to rule out the possibility of a transmission of the disease to humans. The risk is undoubtedly tiny but since it exists, it makes sense to proceed cautiously. In the meantime, the Government is sensibly ploughing resources into scientific research into BSE and related diseases.

Michael Prowse looks at the limits of American private philanthropy

When generosity is not enough

Among new right thinkers in the US, it is fashionable to regard an expansion of the "non-profit" or voluntary sector as the likeliest cure for the nation's chronic social problems. In a recent book, Professor Lawrence Lindsey of Harvard University argued that the US should try to establish a new "social standard" of generosity – the half tithe – by giving individuals a double tax deduction for donations in excess of 5 per cent of income.

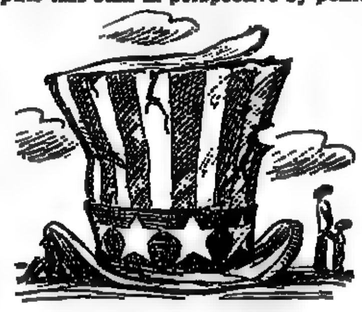
Mr Lindsey wants to boost the non-profit sector because he regards government as "a terribly inefficient provider of services in complex situations". This is a characteristically US point of view: the notion that private philanthropy can solve social problems has been part of the American dream since colonial days.

The example of John D Rockefeller is instructive. His earliest accounts, kept in 1855 at the age of 16, show him giving regularly to his local Baptist church. As an adult, he became an immensely successful businessman, extracting huge monopoly profits from the fledgeling oil industry.

Yet as his personal wealth soared, so did his commitment to charitable causes. He founded four remarkable institutions: the Rockefeller Foundation, the University of Chicago, Spelman College (for poor black women) and a big medical research institute. In a small way, many American businessmen have sought to emulate Rockefeller.

But how significant is US philanthropy today and what is it doing to solve deep-seated social problems?

In 1988 (the latest year for which comprehensive figures are available), overall US giving pierced the $100bn barrier for the first time, reaching $104.4bn. The publication Giving USA puts this sum in perspective by pointing out that it was almost exactly in line with corporate dividends that year and equivalent to nearly three-quarters of personal savings. It comfortably exceeded federal government expenditure on non-defence goods and services, which totalled $82.6bn.



AMERICA'S SOCIAL CHALLENGE

In addition to cash donations, 80m Americans – 45 per cent of the adult population – are estimated to volunteer an average of nearly five hours per week. In 1987, this volunteer time was valued at about $86bn.

International comparisons are notoriously tricky. But figures compiled by the Independent Sector, a US non-profit coalition of 660 voluntary and philanthropic bodies, suggest that individuals, foundations and companies in the US give proportionately about four times as much as those in the UK. Britain, moreover, has a lively voluntary sector by the standards of continental Europe and Japan. The US is thus undoubtedly the modern home of philanthropy.

There is no sign that Americans are growing weary of giving. After allowing for service sector inflation (which exceeds general inflation), giving has risen two and a half times since the mid 1950s. The expansion has been steady except for a period of stagnation during the 1970s. In 1988, total giving was equivalent to 2.15 per cent of GNP, roughly the same percentage as in the early 1960s.

It is often assumed that the US non-profit sector is dominated by the activities of wealthy individuals and huge private foundations. Names such as Ford, Rockefeller, Kellogg, Mellon and Getty are familiar throughout the world. Yet although the top 15 independent foundations have assets well in excess of $26bn, they play a small role in terms of total giving. The same is true of corporate America.

In 1988, foundations accounted for only 5.9 per cent of total giving; corporations' share was a mere 4.6 per cent. Nearly 90 per cent of all charitable donations were made by individuals – 83 per cent by the living and 6.5 per cent in the form of bequests. The US's non-profit sector is thus largely sustained by the generosity of ordinary families.

Indeed, Mr Bob Smucker of the Independent Sector argues that the true philanthropists in the US are those on low and moderate incomes. Families earning less than $10,000 donate nearly 3 per cent of income to charitable causes, proportionately a third more than those earning $100,000 plus. "With well-publicised exceptions," says Mr Smucker, "the amounts given at higher income levels are typically pitiful."

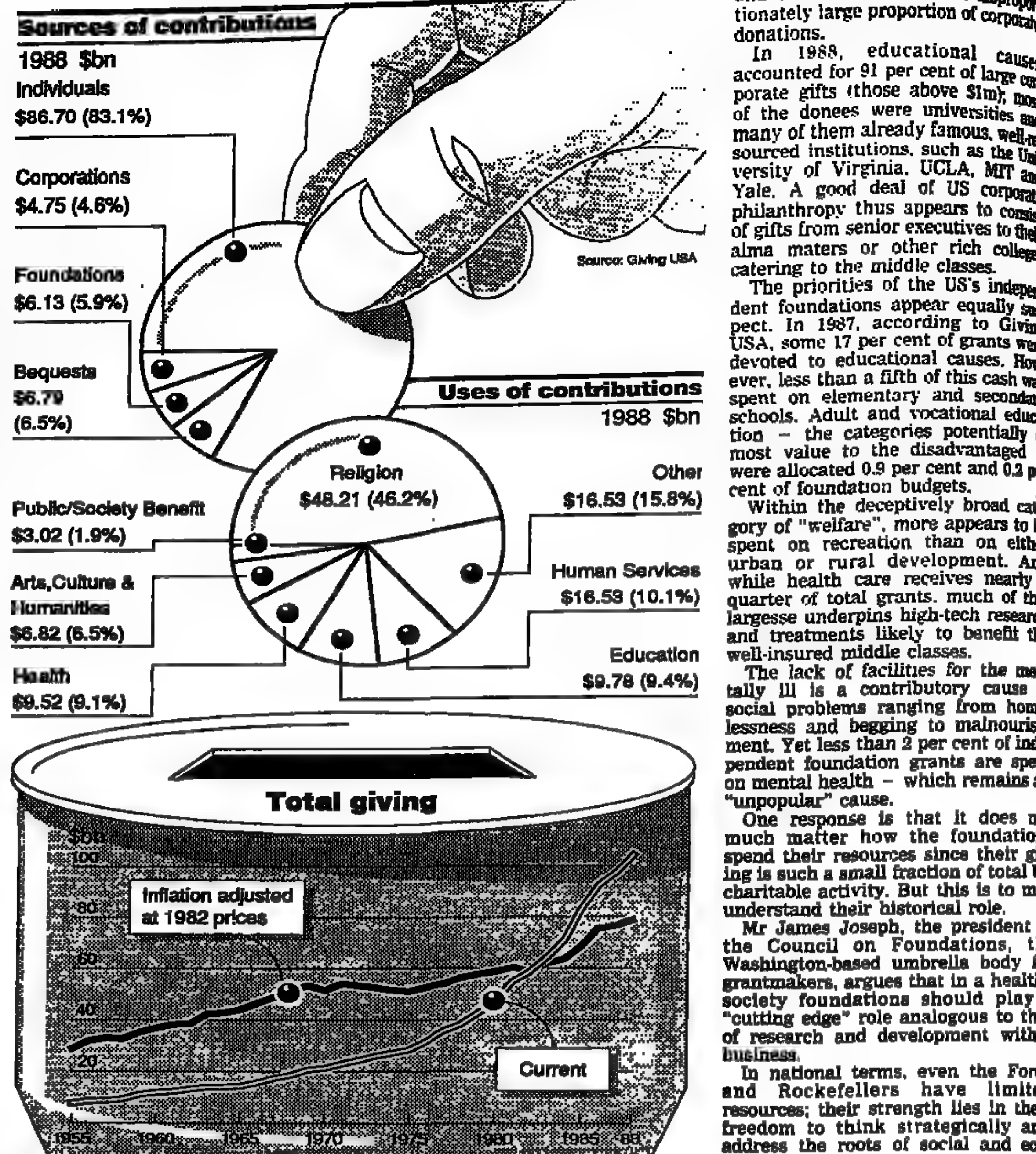
Church is the place where most individuals do most of *their* giving. Religious groups receive about 46 per of *all* charitable gifts in the US; and individual donations account for about 80 per cent of their total revenue. The efficiency of individual philanthropy in the US thus depends largely on the way churches deploy their resources.

In 1986 American churches spent about $19bn, or 38 per cent of their total revenue, on non-religious activities. According to a survey by the Independent Sector, 70 per cent reported programmes with "public or societal benefits"; 68 per cent were involved in health care, 46 per cent in community development, and 38 per cent in education. US churches thus assume a welfare role that would be regarded as the state's responsibility in most other developed countries.

The fact that total giving remains buoyant might appear to indicate that everything in the US philanthropic garden is rosy. But this is far from the case. As in other countries, the US non-profit sector relies heavily on public sector contributions. During the 1980s, this source of funding (which is broadly comparable to private donations) was sharply squeezed.

Professor Lester Salamon of the Johns Hopkins University has calculated that if health spending (which grew) is excluded, the non-profit sector experienced cumulative real funding cuts of about $113bn between 1982 and 1989. The worst cuts were experienced in sectors such as social services, training, community development and local advocacy – unglamorous areas where private money is often hard to attract.

The irony was that while the Reagan Administration urged the voluntary sector to play a larger role in welfare, its budgetary policies simultaneously undermined this prospect. By the late 1980s, higher private donations are estimated to have offset only about a fifth of the federal cuts.



A broader criticism is that US philanthropy, although comparatively well-resourced, has failed to use its muscle to good effect: by and large the billions contributed by individuals, companies and foundations have not been used to attack America's most serious social problems.

"Historically," says Mr Pablo Eisenberg, the director of the Centre for Community Change in Washington, "philanthropy's response to poverty has been benign neglect." He maintains that the drastic federal budget cuts of the early 1980s should have caused a big shift in the priorities of the foundations. Yet only a few responded.

"The poor, minorities, the disabled, women and other disadvantaged constituencies are still receiving a shamefully small part of philanthropic resources," he maintains. And, of this amount, "very little goes to those organising, capacity-building and advocacy efforts that are the key to real self-help and self-development."

Mr Robert Bothwell of the National Committee for Responsive Philanthropy takes a similar line. "Foundations," he says, "make a great to-do of providing relief for the disadvantaged. But no serious study could conclude that this is the case."

On average, American companies appear more generous than their counterparts elsewhere. In 1988, corporate giving was running at about 1.6 per cent of pre-tax net income. This was down on the peak of nearly 2 per cent of income reached in the mid-1980s, but considerably higher than the 1 per cent norm of the 1970s. In the UK, corporate giving averages a mere 0.2 per cent of pre-tax profits.

However, the allocation of corporate philanthropy leaves much to be desired. The two most popular causes are health and education, each of which account for about 37 per cent of total charitable spending. According to Giving USA, community improvement gets 3.2 per cent of corporate donations, the environment and ecology 2.7 per cent, and housing just 0.4 per cent

Within the big categories there is little evidence that the neediest causes are addressed. For example, the real challenge in education is to improve high schools, especially in poorer areas. Yet only about 4 per cent of corporate gifts to education reach the pre-college sector. Colleges and universities receive a disproportionately large proportion of corporate donations.

In 1988, educational causes accounted for 91 per cent of large corporate gifts (those above $1m); most of the donees were universities and many of them already famous, well-resourced institutions, such as the University of Virginia, UCLA, MIT and Yale. A good deal of US corporate philanthropy thus appears to consist of gifts from senior executives to their alma maters or other rich colleges catering to the middle classes.

The priorities of the US's independent foundations appear equally suspect. In 1987, according to Giving USA, some 17 per cent of grants were devoted to educational causes. However, less than a fifth of this cash was spent on elementary and secondary schools. Adult and vocational education – the categories potentially of most value to the disadvantaged – were allocated 0.9 per cent and 0.2 per cent of foundation budgets.

Within the deceptively broad category of "welfare", more appears to be spent on recreation than on either urban or rural development. And while health care receives nearly a quarter of total grants, much of this largesse underpins high-tech research and treatments likely to benefit the well-insured middle classes.

The lack of facilities for the mentally ill is a contributory cause of social problems ranging from homelessness and begging to malnourishment. Yet less than 2 per cent of independent foundation grants are spent on mental health – which remains an "unpopular" cause.

One response is that it does not much matter how the foundations spend their resources since their giving is such a small fraction of total US charitable activity. But this is to misunderstand their historical role.

Mr James Joseph, the president of the Council on Foundations, the Washington-based umbrella body for grantmakers, argues that in a healthy society foundations should play a "cutting edge" role analogous to that of research and development within business.

In national terms, even the Fords and Rockefellers have limited resources; their strength lies in their freedom to think strategically and address the roots of social and economic disorders. Mr Eisenberg and others are right to complain that much foundation philanthropy is misdirected.

The US boasts the largest and most vigorous non-profit sector of any advanced country. Yet as previous articles in this series have shown, its record on social policy is one of the least impressive in the developed world.

This does not suggest that a further expansion of unfocused philanthropic activity, fuelled by yet more generous tax incentives, is the best way forward. In the social sphere, there is a limit to what the unco-ordinated efforts of churches, companies and private foundations can achieve. The hard truth is that the US is likely to attain European standards of social welfare only when it is ready to contemplate something approaching European levels of taxation.

Previous articles in the series appeared on April 20, April 27 and May 4.

OBSERVER

Upping the umpires

■ Cricket may be about to abandon one of its basic conventions. At the highest level of the game, consideration is being given to establishing a panel of International Umpires.

This would be a marked break with the past. Hitherto the assumption has always been that umpires are by definition fair. In international cricket they are provided by the host country.

There may be the odd contretemps, as happened recently when England were playing in the West Indies, but not much thought has been given to bringing in outsiders to adjudicate.

In football, and indeed most other international sports, it is quite different. If England play France at soccer, the referee is (say) a Dutchman or an Austrian: anything but an Englishman or a Frenchman.

It is the rise of cricket as an international game – and perhaps also as a television spectacle around the world – that is persuading the cricket authorities to think of following the football example. The matter will be discussed, and possibly decided, at a meeting of the International Cricket Council at the end of this month.

Colin Cowdrey, the former England captain and chairman of the council, is broadly in favour. He tells us that international cricket can now be divided into three categories: the seven established test playing countries, a second group – some of whose members are on the fringe of qualifying for international test cricket, and a third group of around 20 countries who may qualify early in the next century, which is not all that far away.

No need to list the seven established countries for Observer readers. Of the second group, the one most obviously knocking at the door is Zimbabwe, which should be admitted certainly by 1995. Cowdrey says that the next is probably Holland, despite a tendency to play the game on matted wickets on concrete. The Dutch have already supplied a few English county players.

The second group also includes the US, Fiji and Singapore.Among the members of the third group are France, Italy, Switzerland and Japan.

Cowdrey also points out that most cricket around the world is played during the English winter. It is increasingly a television attraction, and more and more television channels are available to show it. He thinks that the availability of a panel of international umpires will further encourage the game and bring it more into line with other internationally played sports.

The project, however, will need money: Cowdrey reckons about £400,000 a year for the first three years. This would include flying the umpires from their base to the host country, a retainer and paying them a fee of perhaps £2,000 a game. (That, says Cowdrey, is what the players receive, though they sometimes get bonuses as well.) Local costs of accommodation and travel would be borne by the host country.

Thus thoughts have turned to sponsorship. Cowdrey reckons that sponsoring the panel of international umpires would bring a great deal of prestige and publicity.

For instance, the umpires might bear a discrete sponsor's logo on their hats and coats. They would also be a talking point for television commentators on the game, and more of a focus for the cameras than at present.

In short, people may take a new interest in them, just as they have taken a new interest in the Speaker of the House of Commons now that Parliament is televised.

"I'm an Old Natonian."

The ICC meeting will last three days and an announcement of its decision is expected on June 29. Cowdrey seems confident that the proposal will be accepted. If so, the search for sponsors will then begin in earnest.

Pint and fax

■ The Lamb and Flag public house in Covent Garden, once famous for its bare knuckle boxing matches and today a favourite haunt of executives from the ad agencies in the area, is at last moving into the 20th century.

After years of holding out against customers' calls for a fruit machine or juke box, the manager, Terry Archer, has finally bowed to modern technology.

He is installing a fax machine to ensure that working lunches do not have to be broken off by a dash back to the office to examine advertising artwork needing urgent approval.

Archer thinks that the pub – reputed to be the oldest in Covent Garden – is the first in London to have such a facility for customers.

Super Japan

■ Japanese trade officials are prepared to go along with the European Community's plan for a transitional period after 1992, during which Japanese car imports into the EC will continue to be limited. However, they are worried about the length of the change over, hoping that it will not become a "super-transition".

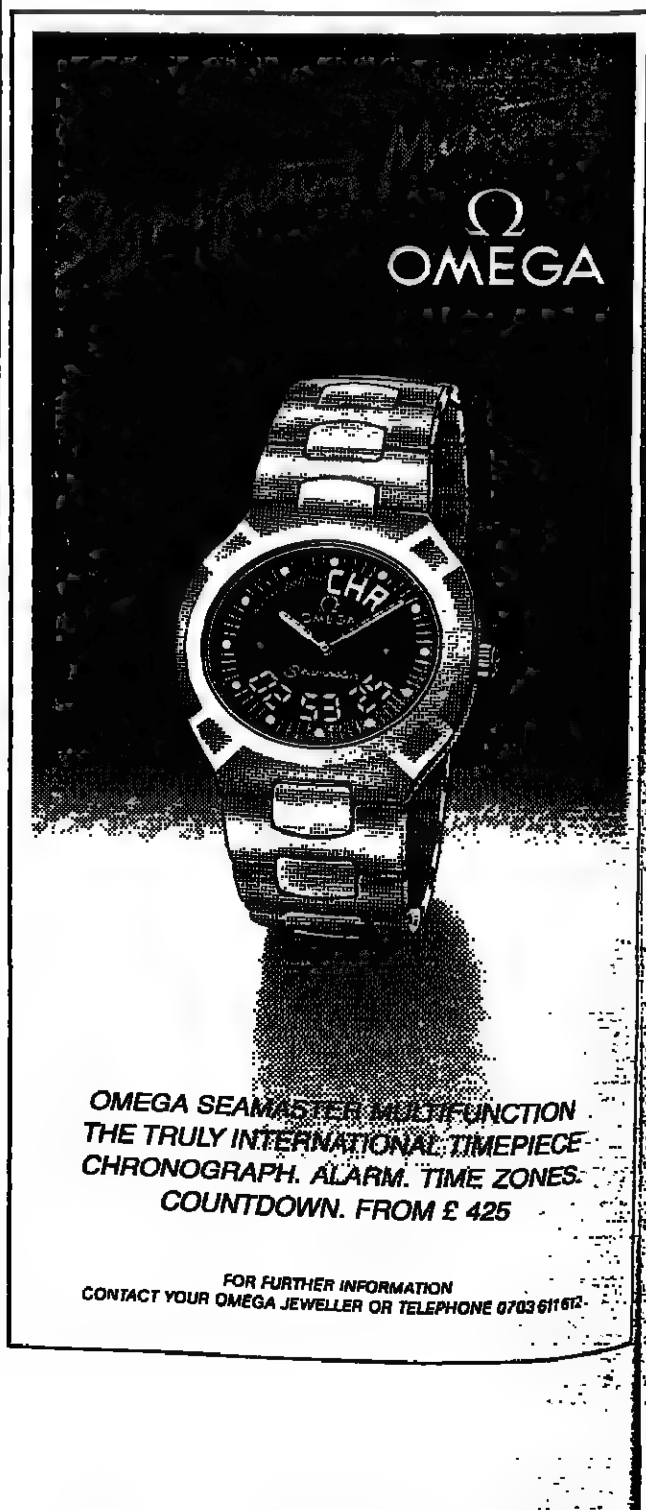
"We find that anything with 'super' in it causes problems," a senior official in the Ministry of International Trade and Industry explains. Super 301, super computers, supermarkets and superconductivity are among the culprits to date, he says.

Republic Day

■ Not a demonstrator in sight outside the South African Embassy in Trafalgar Square for the Republic Day reception yesterday. This is a great change. The constant stream of day and night protests and vigils actually used to deter visitors. Now people want to go there to find out what is going on and what will happen next. Being South African Ambassador in London must have again become a pleasure.

Last of Dallas

■ Time to watch Dallas again before it finally disappears from the screen. There are some people I know who claim still never to have seen it. For my part, I found it reassuring that it went on and on, though it never seemed to change. The only people to whom it conceivably did any harm were the people of Dallas, who complained that local life was not quite like that. But they were mildly flattered by the fame it brought. Wednesday's edition contained the splendid line: "Bobby, you're barking up the wrong skyscraper."



POLITICS TODAY

Labour lets the cat out of the cage

By Joe Rogaly

First the good news. The Labour Party's policy statement on industrial law is a marvel. It ıstitutes an acceptance that trade ions should be brought within the mework of law and kept there.

You might protest that Mrs Mar-et Thatcher made this point when Conservatives came to office in 9. So she did, and very effectively , but before last year's policy iew both Labour and the trade ions argued with some vehemence t all the Tory laws would be swept ay as soon as the chance arose. ey wanted to go back to the pre-9 world, in which unions were ove the law, and behaved accord-ly. That position has been aban-ned. Mr Tony Blair, Labour's kesman on employment, has pro-ced a revised "Charter for Employ-s" in which the essence of the 79-89 trade union legislation is ained. This is of greater historic portance than the amendments and litions proposed in "Looking to the ture," the overall statement con-ning Mr Blair's charter. It means t under Labour there would be at st some labour law.

The principal effect of many of the anges proposed in the charter uld probably be an increase in the rkload of lawyers and personnel icers. Individual employees would quire statutory protection against crimination and unfair dismissal, hts to equal pay for work of equal lue, and the benefits of a stronger alth and safety executive. To me it ds a bit like a list of what we ready have, with knobs on.

Rather larger knobs are envisaged ewhere. There is to be an industrial urt, replacing the employment peal tribunal, with the addition of a nciliation role. Fortunately, it uld still be possible to appeal to gher courts, thus keeping the whole ebang within mainstream legal pro-dures. Employees could not be fired r going on strike following a proper llot; this is advocated as good Euro-an practice. Yet there must surely a circumstance in which the ployer has the right to say to the rkforce: "If you withdraw your bour, I'll eventually have to find placements."

There would be clauses preventing e total sequestration of a union's come and assets, "in a way which ralyses the union in all its lawful siness, such as paying benefits and presenting other members." This uld undoubtedly make some union sses less nervous of the conse-tences of breaking the law. Labour ould rethink this one, although, as r John Edmonds, general secretary the GMB general workers union, is ven to observe, a union would still able to commit suicide by getting elf fined to death.

A lot has been made of the propos-s on secondary strikes and pickets. the latter Mr Blair is adamant at, as now, there would be a statu-ry code of practice; the limit on cketing numbers referred to in "Fac-g the Future" would, he says, turn t to be about six, as now. As to condary action, much would depend upon the legal fine print defining what is meant by a direct interest between the original strikers and those coming out in sympathy. It is, however, hard to imagine today's grey-suited Labour leaders planning for the flying pickets of the 1990s.

Less attention has been paid to two other proposals of greater potential significance. The first is the introduction of a statutory minimum wage. This makes no difference to the concept of keeping unions within the law, but it could reduce the number of jobs available to unskilled workers. Yet a Labour administration whose stated aim is to fall in line with general West European practice could hardly do otherwise. The second little-noticed proposal is the introduction of a legal right to union recognition, put forward as a corollary of Mr Blair's acceptance of the freedom not to join a union.

This right to recognition has been sold heavily to trade union leaders who have shifted uneasily in their seats at other provisions, such as the outlawing of the closed shop. It allows them to let their fantasies roam freely, perhaps to dwell on the day when they can try to unionise some of the unorganised small new high-tech firms, not to mention such unlikely companies as IBM. A splash of cold water on the face and they realise that if you get the details of recognition law wrong it could give the advantage to companies that might call a ballot, find insufficient support for the union, and de-recognise. Mr Richard Rosser, general secretary of the shrinking Transport and Salaried Staffs Association – and a member of Labour's national executive committee – is very worried about this.

The rest of us can take a more relaxed view. One of Britain's most celebrated labour disputes, at the Grunwick photographic processing laboratories in 1976, was about recognition. After several days spent shouldering my way through the massed pickets, and then listening to Lord Scarman's subsequent inquiry, I concluded that Britain would one day have to introduce proper laws regulating the conduct of trade unions, and that they would be most likely to stick if the Labour Party endorsed them. The package would have to include a right to recognition. Having set all that down in a paperback (now out of print), I am not about to go back on it today.

Yet the law alone does not determine the state of industrial relations; you have to take human nature into account. The most reasonable and decent-sounding individuals can turn into grasping bullies when circumstances enable them to do so. This applies to either side of the table, but in Britain's postwar political memory it is the image of over-powerful trade union bosses that lingers. We saw them in action in 1975-79, and remember the bad times even though virtually every one of the grasping bullies then in charge is now gone. Happily, few of their successors are in a position even to dream of the power of such as Jack Jones, Hugh Scanlon, Joe Gormley, Alan Fisher and so on, although I have little doubt that they would if they could. Every pussycat is a tiger at heart.

As matters stand, they come across like tabbies and persians. Mr Tom Sawyer, the purring deputy general secretary of the National Union of Public Employees, has earned a footnote in history. As chairman of the Labour Party's home policy committee he pushed through many of the changes that have turned Labour into a modern social democratic party. He seems to me to be a quiet, self-effacing man, happiest licking his paws in some Labour back room. Mr Blair would have got nowhere without him. Mr Edmonds, he of the GMB, is highly articulate, but not over-burdened with humility: he looks in the mirror and sees a lion. He is joining forces with Mr Alan Tuffin of the Union of Communication Workers to promote a harmless-sounding "new agenda" for trade unionism. It will be all about the EC, product quality, the role of women, and so on. Nothing about bashing the bosses.

Yet managers would not have quite so easy a ride under a Labour government as they have enjoyed over the past five years or so. This would be partly a result of the tweaking of the Tory legislation discussed above, and partly psychological. Mr Ken Gill, general secretary of the MSF general technical union, thinks that all union negotiators feel at a disadvantage while today's Tories are in power. The greatest change that the election of Mr Neil Kinnock as prime minister would bring would be a stiffening of the resolve of shop stewards everywhere. Mr Gill, a witty Marxist two years away from retirement, sits back on his leather sofa in his panelled penthouse office overlooking his private roof garden, a cheerful reminder of what a union boss used to be when unions mattered. He is full of doubts about the new charter, although he will go along with it.

Now the not-so-good news. All the above would matter not a fig if a 1990s Labour government displayed the same spineless obeisance to the whims of unions as did the Labour governments of the 1960s and 1970s. One reason why Labour might not be so irresponsible next time, if there is a next time, is that union membership is falling. Only 35 per cent of Britain's workforce, including the self-employed, belong to either a trade union or a staff association; in the union movement's heyday the figure topped 50 per cent. The unions have gone along with the Blair charter because they are desperately anxious to get a Labour government, and the chance to stop the rot.

The memory of the years after 1979 might act as a constraint against going too far under such a government. Even so, someone would almost certainly test the mettle of Mr Neil Kinnock if he became Labour's prime minister. The teachers, or the local authority manual workers, or ancillary workers in the health service would see how far he could be pushed. I am led to believe that he would try arbitration, and that he and Mr John Smith, the putative chancellor, might try and finesse matters – but that at the end of the day Mr Kinnock would be looking to a second term. He would therefore sit out a strike that sought to bust the pay limits of public employees. His present efforts to distance the Labour Party from the trade unions which finance it, and his past purging of the militants, are adduced in evidence of his likely resolve in such circumstances.

You could choose to buy this argument, on the basis that Labour's room for manoeuvre would anyway be small if sterling was by then tied to the Exchange Rate Mechanism of the European Monetary System. But the party has not yet thought through its public sector pay policy. It rightly shrinks from the notion of an incomes policy, but would do well to come out publicly as a determined winner in a future try-on by a public sector union. It is one of those things that cannot be proved until it is proved. If not properly handled, that could turn out to be the bad news for Mr Kinnock's election campaign.

LOMBARD

Security for western Europe

By Edward Mortimer

Two weeks ago Sir Leon Brittan, Vice-President of the European Commission, laid aside his competition portfolio for an evening and strode boldly into the field of European security. It was time, he said, "to encourage a strong European defence pillar" within Nato.

This is, of course, an old theme, going back to Kennedy's 1963 Philadelphia speech. Despite all the talk nothing has yet happened. When it came to the point, West European governments always found that the existing structure of Nato suited them well, and they feared that setting up a separate European structure would weaken the Atlantic alliance.

Yet there are good reasons for thinking that Sir Leon is right. The combined effect of German unity, conventional arms cuts in Europe, and budgetary pressures in the US, will soon oblige Nato to modify its structures profoundly. Within five years, if not less, Soviet forces will almost certainly have left Germany and US forces there will have been drastically reduced, if not removed completely. Although Nato should – and probably will – remain in being as a mutual defence pact, the actual US military presence in Europe is likely to be more a symbol of US commitment than part of a military structure prepared for a specific contingency.

That being so, West Europeans would be well advised to form their own integrated military structure under European command, so that western Europe exists as a military power capable of looking after its own interests, including those outside the Nato area, in normal times, while still looking to the US for assistance if an abnormal threat (such as that constituted by Soviet forces in central Europe in the past 40 years) were to arise again.

There seems a good chance that France would be willing to join in this new structure, which would be free of the taint of American "hegemony". One would hope that the united Germany would also be part of it – although if Germany chose not to do so the motivation for collective defence among remaining West European countries would probably be all the stronger. If Germany did join, some units from other members could be stationed in Germany under the joint command, but of course they would have to accept German participation in joint forces stationed on their territory on the same terms.

Sir Leon's proposal is that this European defence pillar should be the "security dimension" of the European Community. It would take the form of a "European Security Community" alongside Euratom, the Coal and Steel Community and the Economic Community, all of which are now subsumed within the EC, and would be accountable, like them, to the Council of Ministers. Yet there he immediately runs into a problem: there would have to be "modifications in that body when considering security matters in order to accommodate the problem of incongruent membership". Ireland would not take part, because it is not in Nato, while Norway, Iceland and Turkey would, although they are not – or not yet – members of the EC as such.

That makes me wonder whether it is sensible to treat the new body as part of the EC. Besides Ireland, there are other EC members (Denmark and possibly Greece) which, although Nato members, may not be enthusiastic about closer military integration; and it will surely be harder for the Soviet Union to accept the gradual economic and political integration of central Europe into the EC if the latter acquires a military dimension.

What is needed is a specifically West European body with an explicit mandate for collective defence. Such a body already exists, indeed has existed since 1955: the Western European Union. With the recent accession of Spain and Portugal, it now includes all the EC members who are indubitably West European and can reasonably be expected to take collective defence seriously. The WEU is the European pillar in outline. Its members should now start building it as a military organisation, before the American pillar begins to crack under the strain.

LETTERS

British Airways' reason for pursuing alliances

om Sir Colin Marshall.

Sir, Paul Seabright's warn-g ("Flying in the face of ts," May 30) that deregula-n in the European airline dustry will bring with it ergers and strategic alliances ich will work against the nsumer's interest, is mis-ced.

The alliances now being veloped within the industry, cluding those being pursued my own company are not, he appears to suggest, a pro-tive measure on the part of lines, driven by self interest and an insurance policy against deregulation.

They are a reflection that we are now operating in a truly global industry. The aviation business is no longer conducted on a narrow nationalistic basis. It is a worldwide business and competition is joined on the same basis.

I cannot speak for the motives of other carriers but British Airways' objective in pursuing alliances in different parts of the world is to allow us to compete effectively for a leading share of the air travel business worldwide and to deliver a global service to our 25m passengers.

Mr Seabright's other main proposition appears to be "Big is Bad."

The future shape of our industry is likely to be characterised by leading carriers at one end of the spectrum and small niche carriers at the other. There is a role – a profitable role – for both.

To be wedded to the notion that growth must be restricted as a necessary protection for the consumer is to condemn everyone – the industry and the consumer – to a middle ground in which both opportunity and benefits are stifled, to the benefit of no one.

In the final analysis there exists already the most powerful regulator against abuse in any service industry, the power of the consumer to vote with his or her feet.

Colin Marshall,
Deputy Chairman and Chief Executive,
British Airways,
PO Box 10,
Heathrow Airport

Little being done to avert this crisis

om Mr Ritchie Cogan.

Sir, How strange that Chris-pher Dunkley's critical iew of the One World pro-ammes ("The world goes een about the gills," May 23) led to mention the contem-raneous publication last ek of a United Nations port that, in its content and nse of urgency, substantiates e whole purpose of this ique global broadcasting ini-tive.

He claims it was the "senti-ntal ululation" of the pro-ammes that set his alarm lls ringing – and on the pic of global warming he ys "honest journalism would ate that this is a theory vanced by some scientists d denied by others."

Strange then that the United tions Intergovernmental nel on Climate Change PCC) says: "The gravest ects of climate change may those on human migration millions are uprooted by shoreline erosion, coastal flooding and agricultural disruption" – issues reflected in The March, The World in Our Hands and Prophets and Loss programmes.

On May 25 the Prime Minister, referring to the report, said it was "an authoritative early-warning system, an agreed assessment from some 300 of the world's leading scientists. They confirm that greenhouse gases ... will warm the earth's surface with serious consequences for us all."

It seems Mr Dunkley's alarm bell is sensitively wired. Others have welcomed the One World collaboration as an honest attempt by public service broadcasters throughout the world to report an urgent and important fact – we face a genuine crisis and little is being done to avert it.

The project itself reflects the kind of co-operation and interdependence, between broadcasters, scientists, schools and non-government organisations that will be needed to build a sustainable future for all humankind. Thousands of viewers have been moved to find out more and have sent off for the free One World information pack.

The programming was shaped to appeal to every kind of audience, including readers of the FT who have, perhaps, more power and influence than most to reverse centuries of planet mismanagement.

Mr Dunkley ends his piece contemplating emigration to another, as yet unspecified, planet. Would it not be more practical to get our own house in order before embracing such a bizarre solution to planetary crisis? Or should we stop the world so that Christopher Dunkley can get off?

Ritchie Cogan,
Co-ordinator,
BBC One World Unit,
Kensington House,
Richmond Way, W14

Humiliation in the Medway

From Commander J.R. Ducker.

Sir, Mr Henk van Ommen's reference to the Dutch humiliation of the English in 1667 (Letters, May 29) is not entirely accurate.

Although De Ruyter sent a small squadron as far as Gravesend, it found the navigation of the Thames too intricate and retired. The capture of the Royal Charles took place in the Medway. Today there is the additional hazard of the Thames Barrier to hinder any new onslaught on our capital and the projected European Bank for Reconstruction and Development.

Albemarle, De Ruyter's gallant adversary, once said: "The Dutch have too much trade and the English are resolved to take it from them." Perhaps his claim has at last been vindicated!

J.R. Ducker,
6 Culworth House,
Allitson Road, NW8

Why Portugal's Social Democrats will not oppose Mr Soares

om Mr José Falcão e Cunha.

Sir, I would like to make a mber of observations con-ning Patrick Blum's article PSD decides one contest is ough," May 1) on the deci-n by Prime Minister Cavaco va and the Social Demo-atic Party (PSD) not to pose the likely candidacy of Mario Soares for re-election Portugal's President next r.

The PSD's history of posing presidential candi-tes is more a product of itical reality and national erest than merely "cutting losses" and the party has never fielded a candidate from its own ranks.

Mr Cavaco Silva's decision is informed by a desire for stability and equilibrium in what has previously been a tense relationship between the President and Prime Minister in Portugal's nascent democracy.

The PSD's non-opposition to Mr Soares (not "qualified support" as Mr Blum writes) serves to limit the possibility of increasing the President's powers vis-à-vis the executive.

Such a position provides the PSD and its leaders with a more flexible campaign strategy based on harmonious co-existence between President and Prime Minister and successful implementation of the party's programme. Co-operation between Mr Cavaco and Mr Soares has always been recognised as positive and useful for consolidation of Portugal's democratic institutions.

Recent surveys published in Portuguese journals show an increase in the Prime Minister's popularity. Even the most pessimistic of PSD militants and supporters recognises the possibility of gaining in next year's parliamentary elections at least 42 per cent of the popular vote necessary for a majority in the legislature.

Criticisms of the Government's structural reforms are also ill-founded. In spite of the costs of modernisation the Portuguese are living in a more prosperous country.

Within a short period of time Mr Cavaco Silva's Government has embarked on ambitious policies of privatisation, fiscal reform, revision of labour and agrarian legislation and modernisation of capital markets.

José Falcão e Cunha,
Secretary General,
Social Democratic Party,
Rua de São Caetano, 9,
Lisbon

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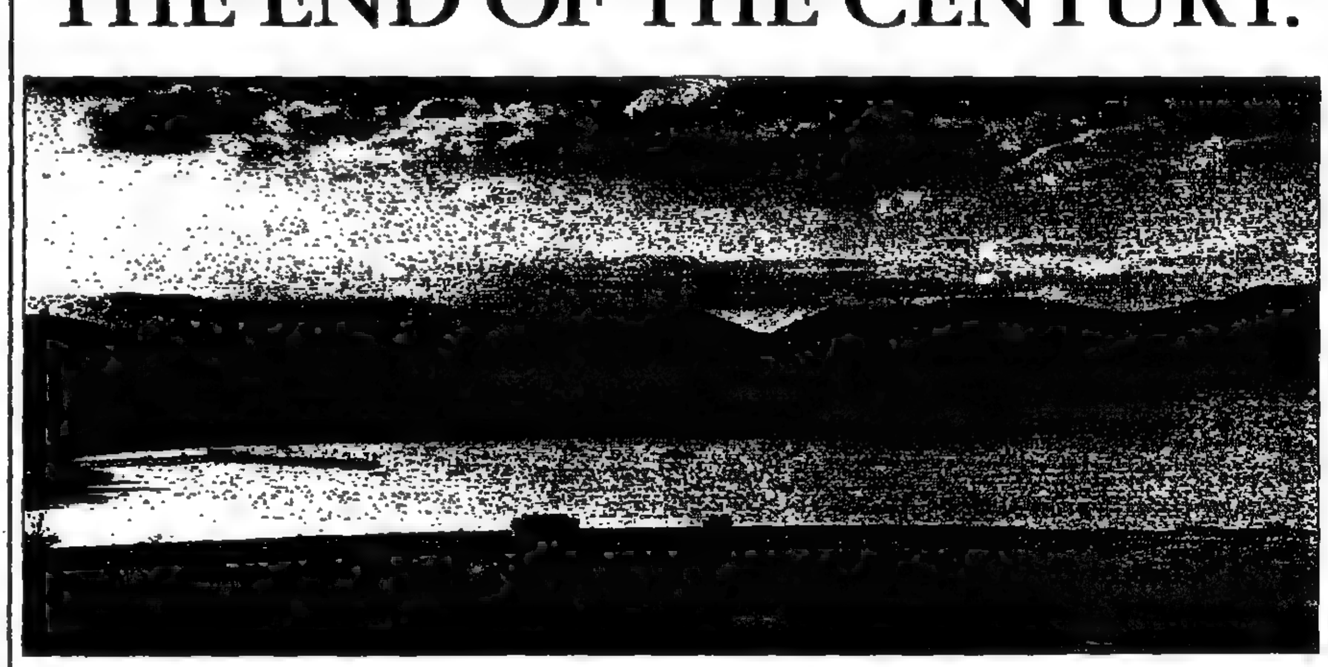

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Japan's new laws confuse illegal workers

Robert Thomson finds controversy in Tokyo over attempts to tighten immigration regulations

FOR the past year, Mr Paul Chiang has worked on Tokyo construction sites, shared a small room with eight friends, and avoided Japanese police, in the quest for earnings nine times higher than he received as a detergent salesman in Malaysia.

Mr Chiang and hundreds more illegal foreign workers surrendered yesterday to Japanese immigration officers for fear that new regulations today would lead to their imprisonment or, more likely, cost them some of their hard-earned savings.

Japan has become a beacon of wealth for the region's dispossessed, but the country's unfamiliarity with other Asian cultures has made the passage painful for some foreign workers, as shown by the distress the regulations have caused.

The Justice Ministry estimates that 100,000 foreigners are working illegally in Japan, particularly on construction sites, in restaurant kitchens, and in motor parts factories.

Welfare agencies put the figure closer to 200,000, and say most are from the Philippines, Pakistan, Bangladesh, and China.

In an attempt to reduce the number, the regulations provide for a maximum of three years' imprisonment or a Y2m ($13,000) fine for employers who hire foreign workers. Immigration laws already contain a Y300,000 fine or three years' imprisonment for the employees, but the ministry's sudden emphasis on these penalties has caused panic among foreign workers.

Queueing for their deportation orders at Tokyo's central immigration office, foreign workers yesterday told of being blackmailed by employers who threatened to turn them over to police, and of fears that earnings would be confiscated if they did not surrender.

The problem is made more complex by Japan's labour shortage, which has prompted companies to ask the Government to permit the entry of unskilled foreign labourers.

A Bangladeshi graduate of political science explained that his foreman at a plastics factory had organised comfortable accommodation and told him to ignore the new laws.

"I know there is no gain without risk, but I think it is time to go home," the man said. People of most nationalities are given 15 days to leave the country, but west Asians are allowed 30 days because the rush for air tickets home has left few seats available.

The Justice Ministry has finally made clear that almost all offenders will not be fined or jailed, so a 31-year-old Pakistani man, who entered on a 30-day commercial visa and has been here for 18 months, intends to "disappear" again.

"As long as I am not caught, I can earn. I am doing nothing wrong. I work hard for companies and they pay me. They need my labour and I need money. Both sides receive benefits," he said.

It is the job of Mr Yukio Machida, head of immigration enforcement at the Justice Ministry, to deport illegal workers, and he argues that the new regulations have simply made the immigration process "more transparent."

"We can deal with foreign workers more easily now. It will also make it easier for people who are meant to be here. We only want to strengthen the prosecution of the illegal foreigners," Mr Machida said.

He makes no apologies for the confusion caused by publicity about the regulations, and stresses that his department is simply enforcing the law. He confirmed that employers who have already hired illegal workers will not be penalised, although that fact was omitted from a brochure sent to companies to explain them.

JAPANESE companies in favour of using foreign labour argue that workers could be hired for about two years, given some technical training and Japanese-style salaries, and then sent back to help develop their own countries.

That ideal is a long way from the conditions of many foreign labourers, who fill vacancies in the least desirable occupations.

An advisory panel under the Ministry of International Trade and Industry (Miti) recommended this week that the Government should be wary of accepting unskilled workers, but should double the number of trainees accepted to 50,000 a year.

The Justice Ministry also advises against accepting foreigners, fearing "social problems."

The Miti panel also suggested that companies spend more on labour-saving technology. Japan's unemployment rate is about 2.1 per cent, and in the first quarter of this year, the ratio of jobs to applicants was 1.36 to 1. Graduates generally have a choice of more than three positions.

Mr Akio Noda, a counsellor at the Association for Solidarity with Foreign Workers, said managers of small companies had been as confused as foreign workers by the regulations.

"The Justice Ministry has threatened many things, but now they are concerned about the controversy they caused, so they have become more reasonable. We think that they intended to frighten people," Mr Noda said.

FEARS OVER COST OF UNITY

Bundesbank calls for budget rigour

By Andrew Fisher in Frankfurt and David Goodhart in Bonn

WEST GERMANY'S Bundesbank yesterday warned the Bonn Government, the regional states, and local authorities to exercise strict budgetary discipline in view of the cost of currency and economic union between the two Germanys.

The central bank sent this message to the German public sector the day after Mr Karl Otto Pöhl, its president, said the alternative to tightly controlled budgets would be higher interest rates.

He also said, in a Wednesday night speech, that he was sceptical about the unity fund, the new Government-backed vehicle to help finance the rebuilding of the East German economy.

This foresees the raising of DM95bn ($58bn) on the capital market over the next 4½ years.

His reservations stemmed not from the size, but from the possibility that public sector groups might feel absolved from any need to exercise financial discipline.

Yesterday, after its fortnightly council meeting, attended by Mr Theo Waigel, the Finance Minister, the bank said the fund would lead to a considerable increase in calls on the capital market by the public sector.

Thus, the Bundesbank said, discipline should be exercised through budgetary savings and adjustments to keep down public sector credit needs.

Finance ministers of the *Lander* (states) have already moved to offset some of the extra spending on German unity by agreeing this week to keep annual spending increases under 3 per cent.

The overall rise in public expenditure will be 6 per cent this year, but the Finance Ministry hopes this will drop to 3 per cent after 1993.

Another of Mr Pöhl's concerns over economic union, starting on July 2, was the possibility of protectionist measures like import quotas and duties.

Several West German business associations have criticised East Germany's plan to levy an 11 per cent import duty on a range of consumer goods, though welcoming the decision to abolish most subsidies.

Karl Otto Pöhl: reservations about the unity fund

Responding to opposition pressure for more temporary protection for East German companies after currency union, Mr Waigel has stressed that the most important relief would be adoption of West Germany's tax system.

This would save more than DM100bn for East German companies, though this assumes profit levels comparable to those under the old system.

● Mr Pöhl said yesterday he hoped the UK's tough economic policy, including high interest rates, would lower inflation to a level where it could join the European Monetary System.

"Under the present circumstances, I don't believe Britain can be a member (of the EMS), with its inflation rate and large balance of payments problems." But he hoped Britain could join the EMS when its inflation came down to a rate also acceptable to other members.

Moscow may seek aid from European central banks

By Quentin Peel in Moscow

MR Viktor Geraschenko, chairman of Gosbank, the Soviet state bank, said yesterday that preliminary contacts had been made with some European central banks with a view to possible assistance in overcoming the Soviet Union's delays in paying for imported goods.

He also said that state organisations had been instructed to sell "goods out of our stocks and reserves which are in demand on the world market," in order to raise some Rbs1.5bn ($2.53bn).

He said the process would, "unfortunately", take a few weeks, but that the actions provided the basis on which the Soviet authorities were insisting that all overdue payments would be met.

Speaking at a Financial Times conference in Moscow on Finance Trade and Investment in the Soviet Union, Mr Geraschenko, gave no indication of quite how the European central banks might help in the country's immediate hard currency liquidity crisis. However, his statement amounts to the strongest attempt yet to reassure the international banking and business community which have been alarmed at the continuing payments problems of recent months.

He said it was "not excluded that we will be in contact with some central banks in Europe. Some preliminary contacts have already been made." He appealed to the press not to sensationalise the situation.

However, he also said for the first time that the problem did relate to Soviet Government miscalculations about available foreign currency resources for imports, saying that the import-export plan for 1990 was "a little bit too tight."

He confirmed that Vneshekonombank, the Soviet foreign trade bank, was involved in gold swaps, although international bankers suggest that that source of borrowing is also close to exhaustion.

Mr Geraschenko said Soviet politicians, including Mr Nikolai Ryzhkov, the Prime Minister, who had suggested the country's foreign reserves were exhausted, had been exaggerating the situation – in part to persuade the parliament to allow the bread price to be increased and save grain imports.

He also said small and medium-sized suppliers would have top priority in repayments, once cash was available.

The bank governor's intervention may go some way to reassuring the doubts of international bankers, expressed by, among others, Mr Richard Webb, chairman of Morgan Grenfell.

The critical situation of the Soviet economy and the hostility towards the Government's latest reform package of price rises, came under focus at the conference, with a leading west European banker calling for the west to put together a Perestroika Plan to compare with the post-war Marshall Plan.

Dr Axel Lebahn, a director of Deutsche Bank and leading specialist in the Soviet Union, said commercial banks were simply unable to offer the sort of credit the Moscow Government wanted to finance imports of consumer goods and food.

"Already by the volume of loans that would be needed, a single bank or single country could not do anything here," he said.

"It should be a multilateral action. The politicians should sit together from the very beginning and create a political framework.

"The plan should be openly discussed in the west." He said the plan should include clear preconditions and include mass training programmes in skills such as engineering, consulting, and marketing training.

"I regret that as a private banker, on a commercial basis at present there are no real opportunities at quickly arranging the financing facilities. I hope the finishing of the perestroika economic programme will give a new chance."

Conference reports, Page 3

Light at the end of the Eurotunnel

THE LEX COLUMN

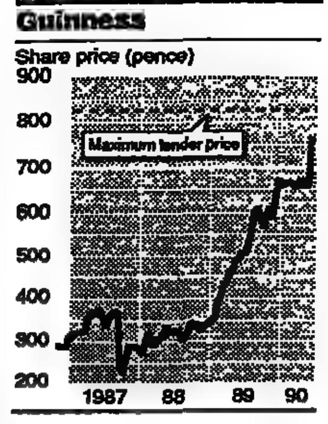
Eurotunnel's shareholders should be relieved at the completion of the first stage in the long refinancing progress. Yesterday's standby underwriting was needed to reassure the banks before the syndication process begins in the summer. Once that stage is completed, the £530m equity issue can be re-underwritten more cheaply and possibly at a different price.

The banks do not seem to have extracted a particularly high price for funding four-fifths of the additional package, instead of the three-quarters that had earlier been indicated. An extra 25 basis points on the entire debt, bringing the average cost to around 160 basis points over Libor (assuming no further cost overruns), does not appear excessive, especially as the maturity has been extended by five years.

For shareholders, an underwritten rights issue that seems to secure the future of the project is better, psychologically at least, than a deep-discounted offer smelling of crisis. And the company is now giving a strong hint that a dividend will be paid in 1998, even if it requires a shake-up of the share premium account.

Best news of all is that tunnelling may actually be completed ahead of schedule, giving a strong chance of meeting the summer 1993 opening deadline. That said, the independent revenue forecasts, little changed from last year, are still a shot in the dark; and while a projection of £10.8bn in pre-tax profits for 2041 sounds impressive, if British Gas achieves compound annual growth of 10 per cent, it will be making £130bn by then.

Guinness



If the London market's problem at present is too much cash and too little stock, it will scarcely have been helped by LVMH adding £850m to liquidity by buying Guinness shares. But for the institutions, the immediate question is how to handle the extraordinary trading position which the LVMH tender presents between now and next Friday.

In terms of money for old rope, first prize goes to those who sold the first £350m worth yesterday morning at 825p. Since yesterday's price never rose above 788p, they could lock in an instant profit by buying back in the market. Next come the sub-overwriters, the new breed invented yesterday by Warburg. As existing holders, they have a guaranteed price of 825p should the tender fail, with the option of trying for the tender should it look like succeeding. In either case, they get their sub-overwriting commission.

Those institutions outside the Warburg charmed circle will doubtless feel a revengeful inclination to hold out for the maximum price. A more realistic option would be to tender in tranches up to the maximum. The downside is after all considerable, given that even Wednesday's closing price of 742p was leak-inspired. Guinness has been a phenomenal stock market performer both last year and this. But except for those who believe that Mr Arnault's aggressive style is bound to lead to a full bid for Guinness one day – and that was formally denied yesterday – it might be unwise to trust to a post-tender price much above 750p.

British Gas

If you believe in global warming, British Gas is a stock to avoid. The last couple of warm winters have knocked £415m off the profits, an amount equal to the annual dividend. It is also a highly political stock, whose rating often owes far more to the latest opinion polls than anything else. However, it is a big, defensive monopoly yielding 6½ per cent and promising above average dividend growth for the next couple of years at least. Notwithstanding the considerable political/ regulatory risks it faces, Gas deserves a better rating.

Admittedly, the 2 per cent drop in 1990 current cost operating profits is unremarkable and the slowdown in staff reduction is a worry. But underlying volume growth in domestic gas sales of 2½ per cent is not bad in a near recession; and with the exploration and production side now contributing 14 per cent of profits, the group's bid to reduce its dependence on a regulated UK gas market is clearly beginning to pay off. It still has to prove it can make sensible international acquisitions without diluting shareholders, but the new management seems well aware of the fact.

Storehouse

The cut in the Storehouse final dividend may be the most important decision the new management team has made. A maintained payment might have been defended on the grounds that a balance sheet which saw a cash inflow of £84m last year would bear the strain of a £25.8m final payout. Or it could have been argued, more feebly, that a held dividend looked forward to the return of good times in retailing. Or indeed, it could have been prompted by fear of another takeover attempt.

In that sense, the decision to cut is a paradoxical expression of confidence, and could just mark the beginning of the group's recovery. Last year's dividend is just covered by the profits of the business as it now stands. It will rise from here only as profits improve, and even then more slowly as cover is rebuilt. It would be rash for the shares to run too far ahead of the process.

Thorn EMI

There is probably some way to go before Thorn finally settles its corporate structure. Lighting is being discarded because Thorn cannot be a global player, yet the hotchpotch of businesses in the technology division have hardly achieved the status of world-beaters. And there may in future be some way of releasing the value of the music business, which some reckon is worth as much as Thorn's current market capitalisation.

The shares may not forge ahead until the proceeds of the lighting sale become known and some of the strategic questions are settled. But the strength of the music division is impressive; and this year more than 50 per cent of Thorn's rental income will come from outside the UK, spurred by the fast growth of Rent-A-Center. After the 10 per cent earnings growth announced yesterday, forecasts are for a similar increase this year, leaving the shares on a prospective p/e of just over 10.

Trade round deadline set

Continued from Page 1

Maude, minister of state at the British Foreign Office. "None of the talks – on arms or in the CSCE (Conference for Security and Cooperation in Europe) – is as important as the discussions in the Gatt," he said.

Agriculture was a comparatively small – but important – part of a closely printed 15 page final communiqué that also testified to virtual unanimity on economic policy making and underlined the OECD nations' determination to assist the fledgling democracies of eastern Europe.

For the first time the communiqué beganwith a general policy statement that welcomed the movement in eastern Europe and several developing countries towards the OECD nations' basic values of pluralistic democracy, respect for human rights and competitive market economies.

UK satellite channel funding under way

By Raymond Snoddy in London

THE major shareholders of British Satellite Broadcasting yesterday completed the first half of its £900m ($1.5bn) financing package aimed at carrying the five-channel satellite venture through to profitability.

Agreements with six international banks on the other £450m in the form of a project loan are nearing completion and should be signed early next week.

The shareholders finalised a £450m rights issue which also has the effect of diluting the 28 per cent stake in the venture of Mr Alan Bond, the financially troubled Australian businessman, to 7.5 per cent.

Mr Bond has, however, been effectively given a stay of execution on the value of his stake. If he can complete a sale of his stake to any company on a short list of potential purchasers before the end of June that company will be able to take up Mr Bond's full rights in the project.

BSB will launch a £12m national television advertising campaign on Sunday as receiving equipment starts to arrive in Britain's shops after delays and shortages.

The £450m project loan looks like going ahead despite last minute difficulties when CIBC, the Canadian bank, one of seven banks underwriting the loan, decided not to extend its underwriting beyond May 18.

The four largest continuing shareholders in BSB – Granada, Pearson, publishers of the Financial Times, Reed International and Chargeurs – which have already guaranteed the other £450m of the package, have decided to pick up the missing £70m. Each will guarantee an additional £17.5m.

There has also been a delay in syndicating the project loan which was arranged by Barclays, co-arranged by National Westminster Bank and The Industrial Bank of Japan and fully underwritten by seven – now six – banks, the three arrangers plus the Amsterdam-Rotterdam Bank, The Fuji Bank and Union Bank of Switzerland. The completion date has been extended to June 8.

Eurotunnel secures rights issue

By Charles Leadbeater, Industrial Editor, in London

EUROTUNNEL, the Anglo-French Channel tunnel group yesterday laid the foundation stone for its plans to raise an extra £2.5bn ($3.4bn) by the autumn to cover increased construction and operating costs.

Mr Alastair Morton, the group's chief executive said an underwriting agreement, finalised at lunchtime yesterday, which secures a £530m rights issue planned for October, was a turning point in the troubled project's fortunes.

He said this summer would mark the end of the crisis which erupted in late 1988, leading to bitter rows between Eurotunnel and TML, the building contractors, throughout last year over costs.

The conflict culminated with the announcement this April that costs had risen to about £7.5bn from the £4.87bn estimated in November 1987. Eurotunnel initially only raised about £6bn in finance.

Mr Morton said the progress with the refinancing, combined with tighter management of the construction project, would lend the project a new stability.

Eurotunnel has agreed a standby underwriting facility with about 20 British and French financial institutions which will secure the rights issue planned to increase the group's equity to £1.6bn. The issue has been underwritten at a price of 400p, with a standby price of 240p, which will be called upon if Eurotunnel's share price collapses in the meantime or construction work goes badly wrong.

The agreement will set off a hectic three months of international negotiations with the syndicate of 208 banks backing the project.

Bush backs Gorbachev

Continued from Page 1

foreign affairs spokesman, said there had been "some indication of at least the beginning of a creative movement (over Germany) on the American side."

The US is seeking to reassure the Soviet Union that a unified Germany will not be a threat to Moscow by suggesting that limits on the size of a united Germany's forces can be considered in association with the current conventional force in Europe (CFE) talks in Vienna. Moreover, the US, together with its western allies, is prepared to consider transitional arrangments under which Soviet troops would continue to be stationed for a limited period in the present East Germany.

Mr Baker yesterday also gave a sympathetic response to the Soviet desire to build up the 35-nation Conference on Security and Co-operation in Europe (CSCE) as a cross-European forum.

The immediate focus of yesterday's talks was arms control and a series of bilateral agreements aimed at increasing commercial and cultural contacts.

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
[illegible]	S	21	70	Madeira	F	[illegible]	[illegible]	Prague	F	20	68
[illegible]	C	15	59	Madrid	S	26	79	Reykjavik	C	12	54
[illegible]	S	22	72	Majorca	S	27	81	Rhodes	F	28	82
Edinburgh	F	[illegible]	64	Malaga	S	24	75	Rio de Janeiro	-	-	-
Faro	S	25	77	Malta	F	23	73	Rome	S	22	72
Florence	S	23	73	Manchester	S	21	70	Salzburg	C	19	66
Frankfurt	S	22	72	Melbourne	C	[illegible]	[illegible]	S'Francisco ‡	F	12	54
Geneva	S	21	70	Mexico City		-	-	Santiago			-
Gibraltar	F	23	73	Miami ‡	S	27	81	Seoul	C	18	64
Glasgow	R	15	59	Milan	F	20	68	Singapore	T	28	82
Guernsey	S	19	66	Montreal ‡	[illegible]	11	52	Stockholm	F	20	68
Helsinki	F	15	59	Moscow	C	16	61	Strasbourg	S	23	73
Hong Kong		-		Munich	[illegible]	[illegible]	66	Sydney	F	19	66
Innsbruck	S	20	68	Nairobi		-	-	Tangier	F	26	79
Inverness	F	17	63	Naples	S	23	73	Tel Aviv	S	30	86
Isle of Man	[illegible]	[illegible]	[illegible]	Nassau		-	-	Tenerife	C	23	73
Istanbul	F	15	59	Newcastle	C	17	63	Tokyo	F	25	77
Jersey	S	23	73	New Delhi	S	33	91	Toronto ‡	S	13	55
Johannesburg	S	17	63	New York ‡	[illegible]	13	55	Tunis	S	23	73
Las Palmas	C	21	70	Nice	[illegible]	21	[illegible]	Valencia	S	23	73
Leeds	S	21	[illegible]	Nicosia	S	[illegible]	[illegible]	Venice	S	22	72
Lisbon	S	27	81	Oporto	[illegible]	22	72	Vienna	F	17	63
Locarno	S	21	70	Oslo	F	[illegible]	[illegible]	Warsaw	F	14	57
London	F	21	70	Paris	S	23	73	Washington ‡	S	16	61
Los Angeles ‡	[illegible]	14	57	Peking				Wellington	S	14	57
Luxembourg	S	21	70	Perth	S	19	64	Zurich	C	21	70

[illegible] ... Sn – Snow T – Thunder

‡ Noon GMT temperatures

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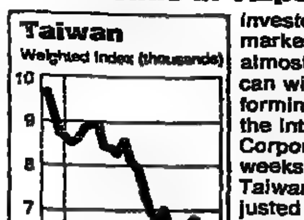
Not just Number 1 in Plumbing Supply
WOLSELEY

INSIDE

Thorn EMI's head overrules its heart

Colin Southgate knows the difference between his heart and his head. It was his head which told him to sell Thorn's lighting business to GTE of the US. Nevertheless, he shifts uncomfortably in his seat when asked how he feels about getting rid of the original business started by Sir Jules Thorn, the group's founder, in 1928. Michael Skapinker talks to the man at the helm of the electrics to entertainment group Page 22

Prices slide in Taipei



Investors in emerging markets can lose money almost as easily as they can win. The worst performing market listed by the International Finance Corporation in the four weeks to May 25, was Taiwan where dollar-adjusted prices dropped by 36 per cent. In Venezuela, by contrast, a progressive reduction in interest rates and the opening up of the stock market to foreign investors, has sparked a significant recovery. Back Page

Pargesa jams the rumour mill

Tales of discord at the heart of Pargesa, the Geneva-based holding company, were firmly rejected yesterday by its four principal shareholders. The rumours followed a series of transactions said to have been concluded against the shareholders' wishes. They also rejected any intention of dislodging Mr Gérard Eskenazi from the company chairmanship, reports William Dullforce. Page 22

Dealing starts in WTA shares

Wiggins Teape Appleton, the paper group which has been demerged from BAT Industries, is likely to have a market value of nearly £1bn ($1.69bn) when it arrives on the London stock market today. The maker of Conqueror writing paper already has a pool of shareholders as BAT holders were offered "free" shares, on a one-for-three basis. Page 30

Chargeurs to make second write off on BSB stake

Chargeurs, the French textiles to transport group headed by Jérome Seydoux (left), is to take another charge this year on its stake in British Satellite Broadcasting (BSB), after writing off FFr135m ($23.8m) in 1989. Chargeurs' annual report discloses that BSB made a net loss of £61.1m ($108m) last year. The size of the BSB charge will be determined at the end of the year. Page 24

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
[illegible]	2677	+	22
[illegible]	461	+	10.5
[illegible]	126	+	10
Falls			
[illegible]	541	−	34
[illegible]	217	−	11
[illegible]	1512	−	66

NEW YORK ($)			
Rises			
[illegible]	120⅛	+	⅝
[illegible]	11⅞	+	1
[illegible]	74⅛	+	1
[illegible]	37⅛	+	2¾
Falls			
[illegible]	42	−	1⅝
[illegible]	7⅛	−	2⅞

New York prices at 12.30.

PARIS (FFr)			
Rises			
Lafarge	491	+	23
Seb	1380	+	65
UIC	1210	+	45
Falls			
Bail Equip	325	−	14
Ever	1870	−	84
Sommer-All	2260	−	77

TOKYO (Yen)			
Rises			
Sanwa Daen E	1070	+	101
Shin-Etsu Pol	1060	+	100
Sony Chem	4260	+	400
Falls			
Daito Gyorui	1570	−	110
Shin Nippo Mach	2170	−	120
Tohto Suisan	875	−	45

LONDON (Pence)			
Rises			
[illegible]	475	+	8
[illegible]	[illegible]	+	10
[illegible]	565	+	29
[illegible]	143	+	30
[illegible]	855	+	32
[illegible]	139	+	5½
[illegible]	709	+	57
[illegible]	445	+	15
[illegible]	201½	+	4½
[illegible]	132	+	5
[illegible]	11	+	4
[illegible]	225	+	5
VSEL	338	+	19
Falls			
Barratt Dev	170	−	9
Bristol Eve P	278	−	17
Expedier Leis	56	−	4
Headland	15	−	8
Micros	263	−	7
Racal Elec	208	−	9
Redland	568	−	8
Select Appts	70	−	17
Tullagh Hire	325	−	5

LVMH raises Guinness stake to 24%

By George Graham in Paris and Vanessa Houlder in London

THE French drinks and luxury products group Moet Hennessy Louis Vuitton (LVMH) is almost doubling its 12.4 per cent stake in Guinness, the UK drinks group, in a novel offer which could cost it £850m ($1,438m).

The long-awaited move will give the two companies equal 24 per cent stakes in each other.

Mr Bernard Arnault, LVMH chairman, said the increase in its stake in Guinness was essential to cement links with the UK drinks company. Together, the two companies made up "the number one group in the world for the distribution of top of the range wines and spirits," Mr Arnault said. Guinness welcomed the increased investment. Mr Anthony Greener, managing director of United Distillers, Guinness's spirits offshoot, said the cross-holdings "strengthened and underpinned our relationship."

Both LVMH and Guinness said it was unlikely they would further increase their stakes. The cross-holdings were originally taken two years ago in an effort to safeguard the structure of the strife-ridden LVMH and protect both companies' joint distribution arrangements. LVMH has been planning for more than a year to raise its stake in Guinness from 12.4 per cent to 24.1 per cent, the level of Guinness's consolidated interest in LVMH.

The operation was held up, however, by a long-running power struggle within LVMH, from which Mr Arnault emerged triumphant at the end of April.

The two companies have built up a series of distribution joint ventures, mostly in the important Far Eastern market, as well as in the US, France and the UK. LVMH estimates the cost savings from pooling its distribution networks with Guinness at FFr200m ($35.2m) in the first year.

LVMH plans to acquire 6.8 per cent of Guinness through a tender offer at a maximum price of 825p. In addition, a 4.9 per cent stake was bought from institutions yesterday. Guinness's share price rose from 742p to 769p.

Depending on the price at which shareholders tender shares, the striking price of the tender offer will be the lowest price at which 59.4m shares can be acquired. The maximum price at which shareholders may tender their shares is 825p.

Under a novel "overwriting" agreement, if LVMH does not acquire sufficient shares under the tender offer, S.G. Warburg, the financial services group, must procure the remaining shares. LVMH's move to lift its stake could take its total holding to a maximum value of £1.3bn.

Lex, Page 20

Norwich in £200m Spanish purchase

By Patrick Cockburn in London

NORWICH Union, the UK mutual insurance company, is to pay £200m ($338m) to Banco Bilbao Vizcaya for its 90 per cent holding in the Spanish insurance company, Plus Ultra.

Earlier in the month, Norwich Union paid £257m for the State Insurance Company of New Zealand.

The Madrid-based Plus Ultra Insurance and Reinsurance is Spain's seventh-largest composite insurer with a premium income £136.5m in 1989.

The Spanish insurance market has been expanding rapidly for both life and non-life products in recent years, attracting intense interest from the European insurance industry.

Commenting on the acquisition, Mr Allan Bridgewater, chief executive of Norwich Union, said the company was determined to expand in Europe. It is already well established in France, Belgium and Ireland, and last October the UK mutual bought Onallo Apuzzo of Italy for £18m.

Plus Ultra, with a 2 per cent market share in Spain, is strongest in Madrid and Vizcaya. One-third of its premiums are from life business and two-thirds from non-life, of which the largest sector is motor insurance.

Although the insurance market in Spain is expected to expand faster than in the rest of Europe because of its previously underdeveloped state, competition is expected to hit premium rates for non-life business.

UK insurance companies are keen to expand in Europe but have generally thought the acquisition costs to be excessive.

Fiat strategies take on a Japanese flavour

John Wyles reports on the Italian auto group's plans for the 1990s

Cesare Romiti: sees the need for a cultural revolution

AS A company which, on the admission of its own managing director, has become "sad, laggardly and bureaucratised," Fiat Auto is now urgently trying to re-equip itself for a decade which promises ever-sharpening competitive pressures, especially from Japan. Surprisingly, the Italian auto maker hopes to build its future on elements borrowed from the Japanese manufacturing systems and culture which just a few years ago were thought inappropriate.

Mr Cesare Romiti, managing director of both the Fiat Group and Fiat Auto, revealed earlier this week that over the last year or so 150 of Fiat Auto's managers had been despatched to what he described as the most avant-garde Japanese and US companies. They were there to learn how the Turin manufacturer might begin to match its Japanese competitors on price and costs.

The result is Fiat's new philosophy of "total quality." While still evolving, this seeks the best possible product at the lowest possible cost by reforming relationships and practices within the company, and between the company and its suppliers.

Mr Romiti believes that the European Community will eventually negotiate a five-year transition period before Japanese car producers have full access to Italy's highly-protected market. But he is still bent on convincing both his managers and the company's 135,500 employees that there is no time to be lost in preparing for the formidable challenge ahead. Industry forecasts show that the Japanese share of the European market could be as much as 14 to 19.5 per cent by the year 2000.

Prudently, the looming Japanese challenge has prompted Fiat Auto to assume a much slower growth in revenues this decade than the 18 per cent annual average increases of the last four years. It is also counting on a stronger downward pressure on margins because of sharper competition on pricing.

When a left-wing newspaper recently published a leak from Mr Romiti's behind-closed-doors speech to 200 Fiat managers last October, many Italians were shocked by his unflattering description of Italy's national champion. Fed a rich diet of media hype about Fiat's successes and little cool analysis of its problems, the Italian public – and possibly some Fiat managers – have come to believe that the company is virtually invincible.

Mr Romiti now seems determined to sweep away the complacency of the golden Eighties by calling for "a cultural revolution" to underpin a strategy with several key elements.

One of these assumes that the European market will develop along similar lines to that of the US where sales of traditional passenger cars are giving ground to leisure and sporty designs.

Fiat has decided that it is not seeking greater volume sales. Instead it will alter its product mix by expanding the Alfa Romeo sporty model range and increase its high specification, high profit designs for both the executive and the leisure markets. The group as a whole will have to dig into its L1,874bn ($1.3bn) cash balances to finance these developments, since its cash flow will not be sufficient to meet all investment needs.

Secondly, Fiat is seeking to bring the five-year lead time from conception to launch of a new model down to the Japanese average of three years.

Here, it intends to borrow freely from the Japanese example by bringing together designers, engineers, production managers and marketing expertise into single operating units. This is a key aspect of the total quality programme.

Another is the concept of "trust contracts" with suppliers which will serve the strategic aims of flexibility and cost cutting. Fiat says that it has already signed about 100 of such contracts which, among other things, seek to pass the quality control responsibility to the supplier rather than retaining it at the car plant.

A second leg to the savings programme is the development of low-cost manufacturing operations: in the Soviet Union, where Fiat is the lead foreign partner in Moscow's plans to double its production capacity; in Yugoslavia and Turkey, where Fiat has joint ventures with local producers; and in Poland, where it intends to seek a joint venture when appropriate national legislation has been passed.

Fiat believes it will have a 30 per cent share both of the 4.2m vehicle production capacity it forecasts for eastern Europe by 2000 and of the 3.85m in sales. It expects an additional 350,000 vehicles to be exported, and Mr Romiti was at pains this week to stress that the company's East European products will exactly match their West European counterparts for quality.

The company is still learning how to apply its total quality philosophy to its Italian plants, as well as to any new ones it may open.

The Fiat managing director thinks that the south of Italy, Spain, Portugal "and, in some respects, Turkey" are the most interesting sites for new plants.

After a decade of almost steely indifference to trade unions and worker participation, the company is beginning to change its attitude. It has concluded that both a younger workforce and the requirements of total quality point to greater worker involvement in management decisions, not excluding board representation.

In addition to pinning up Japanese-style exhortations on quality in its factories, Fiat has begun experimenting with other procedures. These include encouraging workers to identify small production problems which frequently damage quality and then involve them in devising a solution.

It is also expanding "quality circles" which involve about 4,000 employees in after-work discussions on issues of standards.

Mr Romiti says that it is not just product development strategies which will be customer led, but also the thousands of relationships within the company which are based on one employee "consuming" the services of another.

Applying total quality means delving deeply into the company's nervous system. It is little wonder that Mr Romiti believes the exercise will bear much more heavily on management time than on Fiat's financial resources.

While Fiat may well, as Mr Romiti believes, draw considerable benefits from its total quality philosophy, its overall strategy for the 1990s is not without considerable risks.

If the Fiat chief's optimism about securing a five-year transition agreement on Japanese imports proves misplaced, then the company will need to adjust much more quickly to the competition.

Moreover, its aim to compensate for sales lost to Japanese producers by a greatly expanded production and marketing presence in the Soviet Union and eastern Europe hangs on political and economic factors beyond its control.

Fiat says it does not need President Mikhail Gorbachev in office to implement the Soviet joint venture at the core of its drive to the East. Nor does it need the social, economic and political upheavals in the Soviet Union which could follow any change of leadership.

Finmeccanica and ABB reach deadlock on joint venture

By John Wyles in Rome

FINMECCANICA, the Italian electronic engineering holding company, and Asea Brown Boveri have arrived at an embarrassing deadlock over whether to dissolve their manufacturing joint venture, Ansaldo Componenti.

Mr Fabiano Fabiani, Finmeccanica's president, repeated unequivocally yesterday that "the marriage between us is dead. We want to dissolve but they do not seem ready to."

Finmeccanica believes that the bitterness engendered by events leading up to a recent court action, as well as the legal proceedings, have destroyed any basis for a successful collaboration between itself and the Swedish-Swiss engineering group. "How can you have a marriage when one partner has to go to court to make the other honour his commitments?" said Mr Fabiani in an interview yesterday.

However, ABB in Zurich reaffirmed yesterday that: "We fully intend to go on with the whole thing."

This blank refusal to discuss a divorce took Finmeccanica by surprise because Mr Percy Barnevik, the ABB chairman, had indicated a readiness to dissolve the joint venture in a letter written to Mr Fabiani in early May.

The recent court case was triggered by ABB's failure to honour the agreement of January 1989 to transfer 51 per cent of FTCL, the Italian boiler manufacturer, to the joint venture by March 15. Two weeks ago an Italian court ordered ABB to transfer the shareholding to Ansaldo Componenti, 60 per cent owned by Finmeccanica and 40 per cent by ABB. The Swedish-Swiss company said that it had wanted to wait for a European Commission judgment as to whether a merger of FTCL's activities with Ansaldo was in conflict with the Community's anti-trust laws.

It appears, however, that at the beginning of the year ABB began lobbying Italian politicians for a stronger role in the management of the joint venture.

Finmeccanica believes that ABB has undermined the joint venture as the group's principal boiler and steam turbine manufacturer through the recent purchases of Zamech, a Polish turbine maker and Combustion Engineering of the US. The US boiler manufacturer was seen as a potential competitor to the joint venture.

"They have treated Italy like a banana republic," said a Finmeccanica executive yesterday. However, the Italian group insists that it will fully honour the joint venture agreement for as long as it stands.

Chrysler heir apparent abdicates

By Martin Dickson in New York

MR GERALD Greenwald, widely regarded as heir-apparent to Mr Lee Iacocca at Chrysler, has startled the US motor industry by resigning to head an attempted buy-out of UAL, the parent company of United Airlines.

His unexpected decision to resign as vice-chairman will come as a blow to Chrysler, the third largest US motor manufacturer. It is financially pressed, suffering from a loss of market share and in the throes of a large cost-cutting programme. Some analysts have questioned whether in the long run it can stay independent.

The move is a coup for the unions trying to put together the UAL buy-out. They had been looking for a strong chief executive to persuade banks to provide over $4bn of financing for the deal at a time when lenders are shunning leveraged takeovers.

It is also a personal gamble by Mr Greenwald. A previous buy-out attempt at UAL collapsed and there are doubts on Wall Street whether this one will succeed.

Mr Greenwald, who is 54, had been number two at Chrysler since the early 1980s. He was one of the most important members of the Iaccoca team which rescued the company.

He said of his new post: "I was approached at the right time and with the right challenge."

Chrysler shares fell in early trading on the New York stock exchange, to stand at $15¼ at lunchtime, down $⅛, while UAL stock shot up to $155⅝, up $4¾.

Although Mr Greenwald was widely assumed to be the likely successor to Mr Iacocca as Chrysler's chairman, there was no guarantee he would get the job. Mr Iacocca, who is 65, has left his retirement unclear.

Observers said Mr Robert Lutz, 58, who is responsible for the company's North American automobile operations, was most likely to succeed Mr Greenwald.

Chrysler recently lost two other senior executives, Mr Frederick Zuckerman, treasurer, and Mr Michael Hammes, who left to join Black & Decker.

Mr Scott Merlis, an analyst at Morgan Stanley, said that despite Mr Greenwald's departure, Chrysler's senior management still had great depth and the company had some exciting new products due to come through in 1992. "The bad news is that they are not coming earlier."

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Owners of Pargesa back Eskénazi

By William Dullforce in Geneva

THE FOUR principal shareholders of Pargesa yesterday denied any discord among themselves or any intention of dislodging Mr Gérard Eskénazi from the chairmanship of the Geneva-based holding company.

After taking a SFr200m ($142m) loss on the collapse of Drexel Burnham Lambert, the New York investment bank, last year Pargesa recently set off a wave of rumours in France by selling its remaining interest in Paribas (Suisse), the Swiss subsidiary of Paribas, to the French investment banking group, and by selling two important stakes in French companies held by Parfinance, its French subsidiary.

Mr Albert Frère, the Belgian financier, Mr Paul Desmarais, chairman of Canada's Power Corporation, and Mr Pierre Scohier, the managing director of Cobepa, Brussels, the Belgian holding company of Paribas, all affirmed they had approved Pargesa's recent transactions and were not in conflict with Mr Eskénazi. The four were speaking before today's annual general meeting.

Pargesa plans to pay shareholders an unchanged dividend in spite of recording a plunge in 1989 consolidated net profit to SFr4.6m from SFr160.2m a year earlier as a result of writing off its 13 per cent stake in Drexel.

Rumours that Mr Eskénazi's future might be at stake were triggered by announcements that the two biggest shareholders had boosted their stakes in Pargesa to give them majority control.

Mr Eskénazi said he had no intention of resigning. Unless there was a sharp economic downturn it was already certain after the capital gains generated by sales of investments that Pargesa's 1990 net consolidated earnings would be "notably higher" than the record level of 1988, "thus wiping out completely the accident in 1989."

Pargesa's recent transactions were to be seen in the context of a holding company's need to buy and sell at the right time. Otherwise it would be impossible to meet the 15 to 20 per cent annual return to which shareholders were entitled, Mr Eskénazi said.

Parfinance had reached a point where its funds were invested fully and market trends were uncertain. But it now held between FFr2.5bn and FFr3bn in liquid assets at a time when it was better to be liquid than indebted. Mr Eskénazi said these funds could be invested "not necessarily in France" when the right opportunities arose.

The Pargesa group would not raise its newly acquired stake in Paribas above 10 per cent, he added.

Strong start to year for Storebrand

By Karen Fossli in Oslo

STOREBRAND, one of Norway's top three insurance companies, has announced improved profits for the first four months of 1990, advancing to NKr406m ($62.8m) from NKr351m a year earlier.

The figures are struck after claims losses and before extraordinary items, and reflect a good domestic performance. But market share fell as the company shifted priority from volume to profitability.

The insurance business – domestic and international – posted profits of NKr450m, up from NKr402m. However, Storebrand's international business made a loss of NKr24m compared with profits of NKr120m in the same period last year.

The group said: "The international insurance business has suffered severely from the storm damage in central Europe. As with the rest of the reinsurance market, it returned poor results."

● Norsk Hydro, Norway's largest publicly quoted company, has announced that Mr Torvild Aakvaag, 63, its president and chief executive officer, will retire next year.

Mr Egil Myklebust, 48, managing director of the Confederation of Norwegian Business and Industry, is to take over from Mr Aakvaag.

Polymark to shed French unit

By George Graham in Paris

POLYMARK International, the UK laundry equipment distributor, is to sell its French offshoot to its management in a leveraged buy-out backed by 3i SA, the French arm of the British venture capital group.

The UK distributor will receive about £7m ($12.4m) before tax and expenses from the buy-out of the unit, which last year contributed £1.6m out of total group profits of £2m.

Polymark said high French corporate tax rates and withholding taxes on dividends made it difficult to repatriate profits, and it preferred to reinvest the proceeds of the buy-out in the UK.

Polymark France was set up in 1962 to distribute Polymark's proprietary laundry marking technology, but has since diversified into the distribution of a full range of laundry machinery as well as sporting goods, including Raleigh bicycles, Yamaha tennis racquets and Cobra golf clubs.

After the buy-out, Polymark France will be 51 per cent owned by Mr Albert Beja, its chairman who already holds 10 per cent, and by his four principal managers.

3i, which will advise Polymark's managers on the buy-out, will take 22 per cent, with 15 per cent held by Clinvest, the investment arm of the Crédit Lyonnais bank, and 8 per cent by Avenir Entreprises, a division of the Crédit d'Equipement pour les Petites et Moyennes Entreprises.

Loan finance will be provided by the same banks and by Crédit National.

Polymark's sales totalled FFr276m ($49m) last year, up a third from 1988, with FFr82m accounted for by sports distribution.

Confectionery deal boosts Nora's Danish profile

By Karen Fossli

NORA INDUSTRIER, a medium-sized Norwegian company with core interests in the food and beverage industry and chocolate and confectionery, has acquired for about NKr600m ($93.8m) Danish Fancy Food Group (DFFG), a subsidiary of Denmark's Kryolitselsabet Oeresund.

The deal strengthens Nora's foothold in Denmark. Last year it acquired a 50 per cent stake in the Dragsbaek Group, Denmark's second largest manufacturer of margarine, salad dressing and fried onions.

DFFG comprises three divisions: Odense Marcipanfabrik, Scandinavia's largest producer of marzipan, commanding 35 per cent of the Scandinavian market; Kims, a crisps and snacks producer, which has a 50 per cent market share in Denmark; and Kjeldsens, a biscuit maker which exports 97 per cent of its production.

Last year DFFG had a turnover of DKr746m ($116.6m). Group profits, before taxes, reached DKr8m.

Nora said it saw significant production and marketing opportunities between two of its subsidiaries – Nidar Bergene and Idun – and DFFG.

Heavy demand for Villeroy issue

THE subscription period for an initial public offering of shares in Villeroy und Boch, the West German bathroom fittings and tableware maker, has ended ahead of schedule with the issue heavily oversubscribed, Reuter reports.

Lead manager Deutsche Bank said the subscription period for the issue began on Wednesday and was to have run until today. Villeroy und Boch is floating non-voting preference shares at DM500 ($297) each.

Funds from the flotation are to help finance investment and acquisitions. In 1989 the company made group net profits of DM35.7m, against DM27.2m in 1988.

BAT sells W German plastics arm for £155m

By Nikki Tait in London

BAT Industries, the tobacco-based conglomerate which last year fell victim to a bid threat from Sir James Goldsmith's Hoylake consortium, yesterday announced the sale of its Eurotec plastics business to Kloeckner-Werke, the West German steel and engineering group.

The purchase price, including debt repayment, is around £155m ($274m). BAT said that Eurotec, which makes moulded plastic components and has plants in France and Spain as well as West Germany, produced trading profits of £19m last year, on sales of about £460m.

News of the sale was given to BAT shareholders by Mr Pat Sheehy, chairman, at yesterday's annual meeting. This virtually completes the series of asset sales and demergers announced in response to the Goldsmith bid threat.

In terms of sales, only the disposal of Horton, BAT's loss-making retail business in West Germany, remains and there are hopes that an announcement could be made next month on the demerger. Shareholders gave formal approval to the Wiggins Teape Appleton spin-off at a subsequent extraordinary general meeting yesterday, and the shares will start trading this morning.

The Argos demerger has already taken place.

Neither the timing of the Eurotec sale nor the buyer came as a complete surprise. For several weeks, BAT has suggested that the deal was imminent, while Kloeckner-Werke said it was in "very concrete negotiations" to buy Eurotec last October.

Shareholders were also given confirmation yesterday that Mr Sheehy will stay on as chairman of BAT until September 1993 – beyond BAT's normal retirement age. Mr Sheehy, aged 60 in September, was originally expected to retire either this year or next.

The AGM attracted a generally loyal turnout of private investors, with the only real criticism refocusing on BAT's tobacco activities.

Unloading Thorn EMI's mixed bag of businesses

Michael Skapinker talks to group chairman Colin Southgate

Someone told Mr Colin Southgate recently that the good thing about him was that he was not emotionally attached to the businesses that make up Thorn EMI, the UK group whose interests include *lighting, music, retail,* rental, software, security and defence.

Mr Southgate, the group's chairman, says he does feel affection towards Thorn's activities. An effective leader, however, has to know the difference between his heart and his head.

It was Mr Southgate's head which told him to sell Thorn's lighting business to GTE of the US. Nevertheless, he shifts uncomfortably in his seat when asked *how he feels about* shedding the original business started by Sir Jules Thorn, the group's founder, in 1928.

"I got stick in my own house on the subject from my wife and youngest daughter," he says. "But in the end you've got to think about protecting your customers, shareholders and staff."

Mr Southgate says the sale of the lighting interests, which he expects to conclude in the next two to three months, will leave the group free to concentrate on the music and rentals businesses in which Thorn is an international player.

Some have observed, however, that apart from his qualities of head and heart, Mr Southgate, a large and engaging man, has no difficulty defending whatever strategy he happens to be pursuing.

Less than a year ago he said: "Strong internal growth, carefully-targeted acquisitions and an accelerated rate of new product introductions bring our goal of being the world's pre-eminent supplier of lighting solutions within reach."

Then, he identified lighting, along with music and electronic and white goods rentals, as one of the group's three core businesses. Since 1985, Thorn has sold off more than 60 other businesses, including Inmos, the semiconductor company, Ferguson, the television manufacturer, and Kenwood, the kitchen appliance maker.

What was it that persuaded Mr Southgate that it was time to change his strategy of concentrating on three key sectors? "We haven't changed our strategy one iota," he says. Thorn reviews its activities constantly, and if a business which was once thought to have international potential turns out not to, the group will *look for a buyer, he says.*

Thorn, says Mr Southgate, was strong in the provision of light fittings. Its weakness was light sources – the bulbs and tubes which go in the fittings. Thorn's light sources business was too concentrated in the UK. The company made its mistake when it became too insular and distracted by the process of buying a mixed bag of unrelated businesses.

"But that's UK Ltd," he says.

Indeed, *Thorn EMI's history* could be said to reflect that of the country in which it started.One City analyst now sees Thorn as "basically a leisure stock." Mr Southgate disagrees. Music is a vertically integrated business in which Thorn controls its own studios, manufacturing facilities and distribution network.

The group also has manufacturing activities in defence, although this is a business Thorn would have liked to have shed some time ago. The company took its defence interest off the market earlier this year after failing to find a buyer willing to pay the reported £300m Thorn was asking. Mr Southgate concedes that Thorn will never be a global defence player, but he says the business does have some profitable niches, such as fitting advanced fuses to old missiles.

Nevertheless, it is true that it is in the leisure sectors of music and rentals that Thorn intends to make its future. Mr Southgate says that music always has been an international business, one in which the group's earlier parochial outlook failed to take root.

The group last year bought SBK, which holds 250,000 musical copyrights, including Singing in the Rain and Over the Rainbow. But it failed earlier this year to acquire Geffen, the US record label. Mr Southgate agrees that Thorn EMI requires substantial growth in the US if it is to maintain its position as one of the world's leading music companies. All the same, he says: "This week we have the top four albums in North America. We have eight albums in the top 20. If we do this every month we can all go to Acapulco."

Thorn boasts that it is the world's leading rental company. Some would say that is not much of an achievement, given that it is only the British who rent their television sets. Mr Southgate, however, says they would be wrong.

In 1990-91, he says, more than half of Thorn's rental profit will come from outside the UK. Growth is particularly strong in the US, where Thorn owns Rent-A-Center.

One of the attractions of the rental business is that it is *recession-resistant, even if not* recession-proof. Mr Southgate says that when a factory in the US goes from full-time to part-time working, people do tend to return their rented electronic goods. On the other hand, for people facing hard times, renting is more attractive than buying.

Rental is also an attractive option for those bewildered by – or sceptical of – the staying power of new electronic technology. When Philips of the Netherlands and Thomson of France introduce wider television screens with sharper pictures later this year, the sets' retail price is expected to be about £3,000. Many might prefer to rent. Competing and incompatible satellite equipment could push consumers in the same direction.

Given that there appears to be no connection between Thorn's remaining businesses, does Mr Southgate believe that his central London corporate headquarters continues to serve any function? Does he foresee a day when the remaining divisions will be split up and sold or floated separately?

"What we bring to the businesses is financial discipline and fiscal and tax efficiency. We challenge and review the strategy of the businesses. We do add that value," he says.

On the second question, Mr Southgate does not deny that, in future, it may be logical to spin off part of the existing group. In businesses run with the head rather than the heart, no possibility can be excluded.

Results, Page 28

BANQUE GÉNÉRALE DU LUXEMBOURG

1989
GROWTH IN ALL SECTORS

In millions of	1988 LUF	1989 LUF	1989 ECU (3)
Total assets	412,826	463,312	10,940
Customer deposits	287,127	317,450	7,496
Due to banks	78,802	87,224	2,060
Due from customers	71,320	78,677	1,858
Shareholders' equity and provisions (1)	27,504	31,513	744
Gross cash-flow (2)	4,730	5,179	122
Net profit	921	1,125	27
Dividends paid	400	480	11

(1) Including loan capital
(2) Net profit plus taxes and net allocations for the year to depreciation and provisions.
(3) The translation of amounts expressed in LUF into ECU has been made at the rate prevailing on December 31st, 1989. 1 ECU = 42.35 LUF

Customer deposits continued to grow steadily.

The bank significantly expanded its lending to private borrowers, small and medium-sized business and industry.

The bank consolidated its leading position on the Luxembourg capital market and remains very active in the primary and secondary eurobond markets, particularly in ECU.

In the financial services field, the investment fund business continued to grow vigorously. The bank now serves 79 investment funds with 213 compartments. It also developed the range of its own investment funds, the base of its increased portfolio management activity.

The healthy growth in profits has permitted ample allocations to provisions and reserves.

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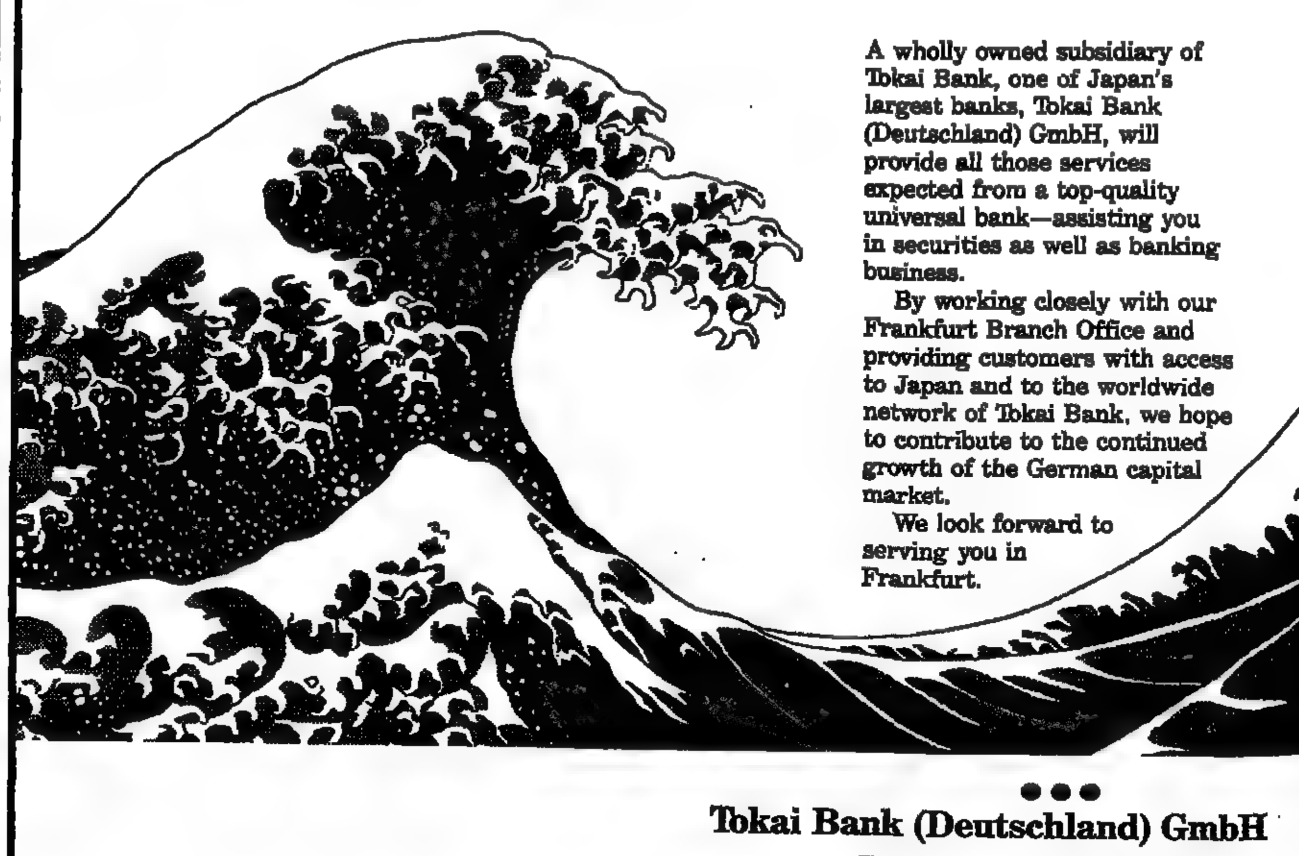
The Annual Report is available in French, German and English.

Tokai Bank (Deutschland) GmbH is Now Open in Frankfurt



A wholly owned subsidiary of Tokai Bank, one of Japan's largest banks, Tokai Bank (Deutschland) GmbH, will provide all those services expected from a top-quality universal bank—assisting you in securities as well as banking business.

By working closely with our Frankfurt Branch Office and providing customers with access to Japan and to the worldwide network of Tokai Bank, we hope to contribute to the continued growth of the German capital market.

We look forward to serving you in Frankfurt.

Tokai Bank (Deutschland) GmbH

President: Tetsuji Toriyama
Armin Günter Grunow
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Subsidiaries: Tokai Bank Nederland N.V., Tokai International Limited, Tokai *Finance (Switzerland)* Limited, Tokai Leasing (Deutschland) GmbH

Packer set to win Bond TV network despite NBC offer

By Kevin Brown in Sydney

MR KERRY Packer's Consolidated Press group last night appeared poised to win control of Australia's top-rated Channel Nine television network, in spite of a last minute A$200m (US$155m) rescue bid for Bond Media, Nine's parent, by a US consortium led by NBC.

The US interest was announced by Marriott Moore, a Melbourne-based merchant bank, apparently in the hope of staving off an imminent deal which would remove Bond Media from Mr Alan Bond's troubled Bond Corporation empire.

Mr Jeremy Kirkwood, a Marriott Moore director, said NBC International, GE Capital Corporation – two arms of General Electric – and Hellman & Friedman, a US private investment fund, were willing to invest A$200m in Bond Media by means of a mixture of equity and subordinated debt.

Mr Kirkwood said the refinancing would allow Bond Media to repay most of A$79m owed to Bell Resources, part of A$367m owed to a bank syndicate led by National Australia Bank (NAB), and part of A$200m in preference shares owned by Consolidated Press.

In return, the consortium would take a 15 per cent shareholding in Bond Media, leaving nominal control in the hands of Mr Bond. The US companies were keen not to miss the opportunity to invest in Australian television, in spite of its temporary financial problems.

Mr Kirkwood said the consortium had been advised that the proposal would meet new government guidelines limiting foreign ownership of TV stations. An earlier refinancing deal involving the three US companies collapsed after the Government reduced the ceiling on foreign ownership of television stations from 100 per cent to 20 per cent.

Marriott Moore appeared to have made its proposals public in order to put pressure on the NAB syndicate to allow more time for the US consortium to discuss the refinancing with Bond Media.

However, the bid appeared to have little prospect of success because of NAB's desire to bring the long Bond Media saga to a close before Tuesday, when a winding-up action launched against Bond Media by Mr Packer is due to start in the Western Australian Supreme Court.

To succeed, the US bid would need the support of both NAB and Mr Packer, who would be expected to accept repayment of only around half the A$200m he claims is due.

Nissan up 19 per cent to Y184.2bn

By Martina Gannon in Tokyo

NISSAN MOTOR, Japan's second largest car maker, benefited in its latest year from increased domestic demand for luxury cars, spurred by the replacement of a luxury goods tax with a lower-rate consumption tax in April 1989.

In the year to March, pre-tax profits for the Japanese parent company showed a rise of 19 per cent to Y184.2bn ($1.2bn). However on a worldwide consolidated basis, net earnings were up only 1.2 per cent to Y116bn. The group was quoted as describing US profitability as "unacceptable" and British operations as weak.

Mr Atsushi Muramatsu, Nissan's chief financial officer, told a press conference in Tokyo that export earnings decreased as overseas production was stepped up, but this was offset by the depreciation of the yen.

He said that research and development costs were up on the previous year, as were labour costs.

Global sales reached Y5,645bn, up 17.3 per cent. Nissan ranks as the world's fourth biggest car manufacturer.

For the current year, Nissan expects to see non-consolidated pre-tax profits rise to Y190bn.

Costs hurt Japan power companies

By Ian Rodger in Tokyo

JAPAN'S leading electric power utilities all suffered substantial profit declines in the year to March as rising crude oil prices, the weaker yen and higher interest rates more than offset increases in sales.

Pre-tax profit of Tokyo Electric Power (Tepco), the largest, tumbled 32.8 per cent to Y184.9bn ($1.2bn) on sales up 3.8 per cent to Y4,086.8bn. Power sales volume was up 7.5 per cent, but fuel costs rose by Y160bn, the utility said. Tepco expects another big plunge in its pre-tax profit to Y110bn in the current year.

Kansai Electric Power, which serves the Osaka-Kobe-Kyoto area, said its pre-tax profits fell 14.9 per cent to Y127.9bn on sales up 2.8 per cent to Y2,075.3bn. Sales volume was up 4.8 per cent, reflecting robust housing construction in the region. Net income fell 18 per cent to Y56.4bn. This year, Kansai Electric is forecasting a 29.6 per cent fall in pre-tax profit to Y90bn.

Chubu Electric Power, which serves the Nagoya area, said its pre-tax profit plummetted 36.8 per cent to Y96.2bn on sales up 2.8 per cent to Y1,706.8bn. The company said strong power demand more than offset a drop in revenue that followed an average 3.61 per cent cut in power rates imposed in April, 1989.

For the current year, it expects a further 3.1 per cent rise in power sales to 96.6bn kilowatt hours. Assuming an exchange rate of Y155 to the dollar and a crude oil price of $18 per barrel, pre-tax profit could tumble another 38 per cent to Y60bn.

Sansui sees a return to profitability

By Ian Rodger

SANSUI ELECTRIC, the troubled Japanese audio equipment maker which is being rebuilt by Polly Peck International of the UK, is forecasting a return to profit in the current year after a string of unbroken losses since 1985.

Sansui yesterday reported a pre-tax loss of Y3.7bn ($24.5m) in the irregular five-month period to March, bringing its cumulative losses to Y20.9bn.

The company attributed the latest loss to slack sales of audio equipment.

Total sales amounted to Y7.2bn in the five-month period, compared to Y22.1bn in the previous 12-month period to October 1989.

The company is forecasting a swing back into profit in an irregular term to this December, thanks to dividend income of Y3bn from Capetronic and Imperial, two Polly Peck electronic equipment subsidiaries which it is purchasing.

Also, sales of audio equipment are expected to grow towards the end of this year and US-bound shipments of video cassette recorders will begin in July.

The company is forecasting a pre-tax profit of Y1.2m in the nine months to December.

HK exchange considers sanctions against Laus

THE HONG KONG Stock Exchange is considering taking sanctions against Mr Joseph and Mr Thomas Lau for announcing the transfer of properties between two of their listed companies in spite of a warning that the transaction violated bourse rules, AP-DJ reports from Hong Kong.

The exchange said the shift of properties worth HK$613m (US$78.6m) between Paul Y International and China Entertainment and Land, both listed units of the Lau brothers' Evergo International, was a connected transaction and did not comply with listing rules.

Mr Mark Hanson, the exchange's director for listings, said he viewed "with grave concern" the announcement of the transactions. The bourse would consider censuring their directors, suspending trade in their shares and possibly cancelling their listing.

The exchange said the two companies sought its advice two weeks ago, when it expressed the view that the transaction required the approval of shareholders with the connected parties abstaining. The companies disagreed.

● Asia Securities International, property and investment group, lifted 1989 net profit by 42 per cent to HK$203m. Turnover rose 20 per cent to HK$571m. It plans to continue shedding holdings.

A full-year payout of 10.7 cents is accompanied by a one-for-five bonus issue.

Withdrawal from Iran oil deal hits Mitsui & Co

MITSUI & CO, the Japanese trading house, yesterday unveiled a 9.7 per cent fall in worldwide net profits to Y36.41bn ($240.7m) for the year to March, a period for which its rivals have been reporting respectable increases, Our Financial Staff writes.

The setback was attributable mainly to an extraordinary loss of Y36.6bn after withdrawing from its joint petrochemical venture in Iran, which had been blighted by the Gulf War.

Sales rose 16.4 per cent to Y19,510bn in spite of its decision to exclude transactions in Japan's popular gold savings accounts, and are forecast to reach Y20,000bn this year when it expects net earnings to recover to Y45bn.

Mitsubishi Corporation lifted its consolidated net profits by 30.8 per cent to Y60.36bn and expects to touch Y70bn in the current year. Sales rose 18.4 per cent to Y18,520bn.

A 14-fold rise in gold transactions, attributed to the huge popularity of securities houses' high-yield gold savings accounts, lifted Sumitomo Corporation to the number one position in terms of sales, up 52 per cent to Y22,598bn.

Its consolidated net income rose 42.4 per cent to Y50bn.

For all the traders, capital investment boosted domestic sales, lifting demand for construction materials.

Orix profits held back by higher interest rates

By Stefan Wagstyl in Tokyo

ORIX, Japan's biggest leasing company, yesterday posted a 33 per cent increase in annual revenues to Y316bn ($2.1bn) due to strong demand for funds for industrial equipment from Japanese companies. Earnings, however, rose more slowly.

In the year to March, net profits were up 18 per cent at Y19.3bn as the company's margins were squeezed by the rise in interest rates. Interest expenses soared 51 per cent. Total expenses rose 36 per cent, 3 percentage points more than the increase in revenues.

Nevertheless, the company's performance compared well with leading Japanese banks, many of which suffered declines in pre-tax profits.

For the current year, Orix forecasts a 9 per cent rise in revenues and a 10 per cent rise in pre-tax profits to Y44bn.

First Chicago Overseas Finance N.V.

U.S. $100,000,000

Guaranteed Floating Rate Subordinated Notes due 1994

For the three months 31st May, 1990 to 31st August, 1990 the Notes will carry an interest rate of 8⅝% per annum with a coupon amount of U.S. $220.42. The relevant interest payment date will be 31st August, 1990.

Listed on the London Stock Exchange

Bankers Trust Company, London — Agent Bank

Central International Limited

U.S. $150,000,000

Floating Rate Notes due 2006

For the three months 31st May, 1990 to 31st August, 1990 the Notes will carry an interest rate of 8 7/16% per annum with an interest amount of U.S. $215.63 per U.S. $10,000 Note and U.S. $2,156.25 per U.S. $100,000 Note payable on 31st August, 1990.

Bankers Trust Company, London — Agent Bank

MANUFACTURERS HANOVER TRUST COMPANY

£75,000,000

Floating Rate Subordinated Capital Notes due 1994

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the Interest Period 29th May, 1990 to 29th August 1990 has been fixed at 15¼ per cent per annum. The Coupon Amounts will be £192.19 for the £5,000 denomination and £1,921.92 for the £50,000 denomination and will be payable on 29th August 1990 against surrender of Coupon No 23

Manufacturers Hanover Limited (a Member of the Securities Association) Agent Bank

BRADFORD & BINGLEY BUILDING SOCIETY

£150,000,000

Floating Rate Notes Due 1994

In accordance with the terms and conditions of the Notes, notice is hereby given that for the three months Interest Period from (and including) 31st May, 1990 to (but excluding) 31st August, 1990, the Notes will carry a rate of interest of 15¼ per cent. per annum. The relevant Interest Payment Date will be 31st August, 1990. The Coupon Amount per £10,000 will be £384.38 payable against surrender of Coupon No: 5

Hambros Bank Limited Agent Bank

Mistral International Limited

U.S.$1,100,000,000

Variable rate notes due 2005

For the interest period 1 June, 1990 to 4 September, 1990 the notes will bear an interest rate of 8.95% per annum. Interest payable on 4 September, 1990 will amount to US$22,618.06 per US$1,000,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

TRIPS LIMITED

Series A U.S. $23,000,000

Secured Floating Rate Notes due 1992

[illegible] 8.675% [illegible] 30.11.90 [illegible] U.S. $44,336.53

[illegible] Agent Bank

Mortgage Funding Corporation No 2 Plc

£115,000,000 Class B-1

£11,000,000 Class B-2

Mortgage backed floating rate notes August 2023

For the interest period 31 May, 1990 to 31 August, 1990 the Class B-1 notes will bear interest at 15.5125% per annum. Interest payable on 31 August, 1990 will amount to £3,910.00 per £100,000 note. The Class B-2 notes will bear interest at 15¹¹⁄₁₆% per annum. Interest payable on 31 August, 1990 will amount to £3,954.11 per £100,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

Babcock

BABCOCK INTERNATIONAL GROUP PLC

"The outlook for the re-formed Babcock Group is good. The directors are confident that, with a strong order book, all operating subsidiaries are well placed for the future".

Lord King *Chairman*

FINANCIAL HIGHLIGHTS	
Turnover	£624.3m
Profit before Tax	£42.6m
Dividends per Share	3.00p
Earnings per Share	6.53p
Order Book Value	£900m

Babcock

International Engineers, Contractors and Manufacturers.

Babcock International Group PLC
Head Office: The Lodge, Badminton Court,
Church Street, Amersham HP7 0DD

The results for the year to 31 March 1990 are prepared on a pro-forma basis and comprise the audited results of the Company consolidated with those of Babcock International Ltd. and its subsidiaries from 1 April 1989 to 31 March 1990 after eliminating all transactions relating to the demerger from FKI Babcock PLC and to those activities identified as "discontinued" at the time of demerger.

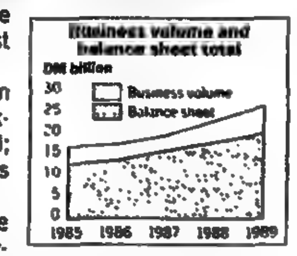
The group's full financial statements for the period ended 31 March 1990, which will include the pro-forma information, have not yet been reported upon by the auditors nor delivered to the Registrar of Companies.

Copies of the Company's Annual Report to shareholders may be obtained by writing to the Company Secretary.

Our 1989 balance: 4,250,000 of travelling kilometres

Financial and personal dedication enabled us to rise above both economic obstacles and geographic borders in 1989.

The effort was worth it: foreign trade business was decisive in the dynamic worldwide development of BHF-BANK in 1989 and made an important contribution to the rise in our business volume of almost 17%, to DM 28 billion.



Our international activities in the investment and commercial banking business have further increased; around 50% of our credit volume is now allocated to foreign clients.

We also set course for the East, with holdings in two newly-formed banks, the Prager Handelsbank AG and the Deutsch-Ungarische Bank AG.

With personal service and customized problem solutions we intend to head for the next four million kilometres – in the style of a merchant banker which BHF-BANK has cultivated for more than 100 years.

BHF-BANK

Merchant Bankers by Tradition

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SCA

INTERIM REPORT

January 1 to April 30, 1990

SCA IN BRIEF

(SEK million)	1990 Jan 1-Apr 30	1989 Jan 1-Apr 30	Change
Net Sales	8,659	8,062	+7%
Operating profit including shares of earnings in associated companies	1,084	1,090	−1%
Earnings after financial items	957	1,046	−9%
Earnings per share (SEK)	3.39	3.43	−1%

Comments from the CEO, Mr Sverker Martin-Löf

Earnings for the first four months fell by 9% compared with the corresponding period last year, which was a very strong period. However, the first four months of 1990 are 6% above the average for all of 1989, and 7% above the final four months of last year.

Our current forecast for 1990 as a whole is unchanged: earnings will be some 10% lower than in the preceding year.

Earnings per share before extraordinary items were SEK 3.39 on the basis of a theoretical tax charge of 30% and assuming full dilution.

The sale of stock in Feldmühle Nobel led to a capital gain of SEK 127 million.

BUSINESS GROUPS

(SEK million)	Net Sales 1990 Jan 1-Apr 30	Net Sales Change	Earnings 1990 Jan 1-Apr 30	Earnings Change
Hygiene (Mölnlycke)	3,688	+6%	220	−5%
Packaging	1,936	+11%	207	−3%
Graphic Paper	2,104	−1%	198	−36%
Forest & Timber	1,444	+15%	172	+3%
Energy (BÅKAB)	425	+14%	204	+18%
Internal Deliveries etc.	(938)	–	83	–
Consolidated	8,659	+7%	1,084	−1%

SVENSKA CELLULOSA AKTIEBOLAGET SCA

For additional information, please contact Sten Lindholm, Senior Vice President, Corporate Communications. Tel: 46 8 665 09 09; Fax: 46 8 660 74 30

Royal Bank of Canada up 19% in second quarter

By Bernard Simon in Toronto

ROYAL BANK of Canada (RBC), the country's biggest financial institution, lifted second-quarter earnings by 19 per cent, thanks to a strong contribution from retail banking and the sale of its half-interest in National Mutual Royal Bank of Australia (NMR).

RBC, whose recent activities have been marked by the sale or closure of several well-known overseas investments, earned C$255m (US$216.3m), or 79 cents a share, in the three months to April 30, up from C$214.8m, or 70 cents, a year earlier. The increase includes a C$47m pre-tax gain from the NMR sale and a decline in loan loss provisions to C$100m from C$145m.

Assets grew to C$123.4bn on April 30 from C$114.3bn a year earlier. Return on average assets rose to 0.88 per cent from 0.79 per cent, and on equity to 19.4 per cent from 17.7 per cent.

RBC abruptly shut down its British stockbroking arm Kitcat & Aiken earlier this week, and participated in winding down Libra Bank, the London-based consortium bank in which it had an 11 per cent interest. Asset sales over the last few years have totalled C$1bn, and have included a full-service bank in Belgium and a Hong Kong-based merchant bank.

The bank said yesterday: "We have refocused our attention on the large corporate market, concentrating on companies with a link to Canada."

The closure of Kitcat & Aiken, which the bank says was motivated by poor future prospects in the cut-throat London market rather than past performance, will not have a significant impact on overall performance.

Although it declined to be specific, RBC said its brokerage business, under the umbrella of RBC Dominion Securities, made a small profit in the latest period. However, the difficulties in the securities industry are reflected in the income statement by a sharp fall in minority interests' earnings in RBC subsidiaries to C$1.7m from C$5.9m.

The decline in provisions for loan losses is entirely due to extra provisioning on LDC loans last year, and masks a substantial increase in specific reserves. With a weak Canadian economy and high interest rates, the bank estimates loan losses at C$380m for fiscal 1990, up from a forecast of C$320m three months ago.

Non-performing loans have jumped by almost a third in the past three months to C$886m, due largely to the problems of a customer in the forestry industry, which the bank refused to identify. The RBC official said that the bank does not have a big exposure to the troubled leveraged buy-out or US real estate markets.

First half net income climbed to C$528.9m or C$1.65 a share from C$484.7m or C$1.59.

Shell Canada to restructure

By Bernard Simon

INTENSIFYING competition in the Canadian petrol market has led Shell Canada to restructure its downstream operations, with the loss of about 800 jobs.

Shell, 79 per cent owned by Royal Dutch Shell, said yesterday the restructuring would include fewer levels of management, franchising of some company-owned service stations, the disposal of some distribution facilities, and more carefully targeted marketing.

With 3,500 service stations, Shell has 16 per cent of Canada's petrol market. Its competitive advantage has been squeezed by takeovers and acquisitions over the past two years, leaving it the smallest of Canada's leading integrated oil companies.

In particular, the pressure on Shell has sharpened with last year's acquisition of Texaco Canada by Imperial Oil, Exxon's local subsidiary, and by PetroCanada's earlier purchase of Gulf Canada's retail network.

Shell said yesterday that Shell Canada still considered itself "a viable petroleum marketer," and planned extensive capital investment in its service station network.

But the company would in future concentrate on selected market segments, especially customers who wanted to combine quick service at the petrol pump with grocery and other purchases.

The company said that staff-related costs of the restructuring, totalling C$25m after tax, would be charged against second-quarter earnings. Income in the first three months of 1990 was C$63m (US$53.4m) or 56 cents a share, sharply down from a year earlier. Much of the decline was caused by a halving in oil products earnings to C$21m.

Stikine trading halted as bidding war opens

By Robert Gibbens in Montreal

A BIDDING war is starting for Stikine Resources, a small Vancouver exploration company which owns half a rich gold property at Eskay Creek in north-western British Columbia.

The area could host four or five future gold mines, analysts say, and the big players such as Placer Dome, Noranda, Teck and American Barrick are all involved.

Early yesterday trading in Stikine Resources and Corona Corp, a gold producer in the Hemlo area of northern Ontario, was halted on the Canadian exchanges confirming a fight for Stikine is probably underway.

Last April, Corona, controlled by Toronto financier Ned Goodman, made a share exchange bid worth more than C$60 a share for the Stikine shares it did not already own.

Then last Friday Placer Dome bid C$67 a share for Stikine's stock, with a total value of C$230m (US$195m). The bid confirmed industry estimates that the Eskay Creek property could be worth C$500m. Placer later disclosed it already held nearly 5 per cent of Stikine.

Stikine shares had already reached C$71 in the market, fuelling rumours that Corono will counterbid or that others might enter the fray.

Placer has around C$700m cash available after selling its energy assets while Corona would have difficulty in making an all cash offer.

Tonka shares plunge on loss warning

By Karen Zagor in New York

TONKA, THE third biggest US toy US toy maker whose products include play-doh, Monopoly and its eponymous trucks, yesterday said it would report a significant loss in the second quarter on lower sales.

The news sent Tonka's share price plunging to $6⅞, down $3⅛, in very heavy trading on the New York Stock Exchange.

The Minnetonka, Minnesota-based company had net income of $100,000 or 2 cents a share on sales of $189.4m in the second quarter of 1989. The company will report its earnings for the three months ended June 30 in late July.

Tonka also said yesterday it would not meet its planned revenue growth for 1990 and might report a loss for the year. Net income was $5.7m or 67 cents a share in 1989, including extraordinary charges, after two years of net losses.

The company attributed its changed outlook to disappointing early retail sales of some promotional products and to an overall decline in retail orders.

Political interference at Caisse de Dépôt claimed

By Robert Gibbens

THE QUEBEC Government's choice of Mr Jean-Claude Delorme as head of the C$38bn (US$32.2bn) Caisse de Dépôt, one of Canada's largest institutional investors, signals a return to conservative investment policies but has also raised charges of political interference.

The 25-year old Caisse invests Quebec public pension plans and the state's insurance funds, and for 15 years acted quietly as any other institutional investor. Then in 1980 the Parti Quebecois Government installed Mr Jean Campeau as chairman after a dispute about Caisse lending at below-market rates to government corporations.

Mr Campeau, an avowed Quebec Nationalist, used the Caisse's financial power to hold control of several major companies in Quebec, helped to create several new private-sector pools of capital, and finally won control of the Steinberg family's property company, worth C$800m in a battle with Toronto financier Mr George Mann.

Now Mr Campeau, 58, has reached the end of his 10-year term and Quebec Liberal premier Robert Bourassa has named Mr Delorme, 55, for a 10-year term. A former civil servant, he has headed Teleglobe, Canada's overseas telecoms company, for 20 years.

But the Government also appointed Mr Guy Savard, an accountant, as the Caisse's chief operating officer. Known as a provincial Liberal fund raiser, he supervises finances for Mr Paul Martin's Federal Liberal leadership campaign.

"This is obvious political interference in the Caisse's affairs," said Mr Jacques Parizeau, president of the opposition Parti Quebecois, who as Finance Minister appointed Mr Campeau in 1980.

Chargeurs to write off more on BSB stake

By George Graham in Paris

CHARGEURS, the French textiles to transport group headed by Mr Jérôme Seydoux, will take another charge this year on its stake in British Satellite Broadcasting (BSB), after writing off FFr135m in 1989.

Mr Seydoux said BSB, which started broadcasting at the end of March, represented a "considerable development potential" but that it would be impossible to form an idea of public response until the end of the year. Chargeurs' annual report discloses that BSB made a net loss of £61.1m ($106m) last year.

The size of the BSB charge will not be determined until then, but it could offset part of the FFr1.6bn ($282.7m) net capital gain Chargeurs will record this year from the sale to Air France of UTA, its loss-making airline, and its stake in UTA's charter subsidiary Aeromaritime.

Chargeurs is one of the leading shareholders in BSB, along with Granada, Reed and Pearson, which also owns the Financial Times.

Mr Seydoux said Chargeurs' total financial commitment to BSB now amounted to FFr1.8bn, but this could be reduced in certain circumstances.

In 1989 Chargeurs took a FFr135m charge on BSB, writing down the value of its 12 per cent stake to FFr11.5m. It also holds FFr394m of convertible BSB bonds and this year, like the other main shareholders, committed a further £113m by underwriting the capital increase now under way.

The group is also on the point of selling its other main television interest, a 7 per cent stake in the French commercial TV station La Cinq, for FFr143m.

Mr Seydoux said Chargeurs should make net profits of about FFr500m in 1990, excluding the capital gain on UTA and the charge for BSB.

The group's clothing fabrics division, which along with wool trading and carding now represents the bulk of its activities, made a loss of FFr308m last year after exceptional restructuring charges totalling FFr247m.

Mr Seydoux said restructuring would cost another FFr100m in 1990.

Pfizer suit dismissed

PFIZER, the big US drug company which is facing a number of lawsuits resulting from flaws in its Shiley heart valves yesterday said a Superior Court judge in Los Angeles had dismissed a consumer group suit against the company, writes Karen Zagor.

The Los Angeles group had pressed for Pfizer to contact directly about 60,000 people worldwide to warn them that they had received a potentially defective heart valve formerly sold by Pfizer's Shiley unit. The suit also sought payment for medical monitoring and psychological counseling for heart valve recipients.

CITICORP
MORTGAGE SECURITIES, INC.

REMIC Pass-Through Certificates, Series 1987-13
US$57,057,000 Initial Stated Amount
of Class A-1 Citicertificates

For the period 1st June, 1990 to 1st September, 1990 the Class A-1 Citicertificates will carry an interest rate of 9.125% per annum with an interest amount of US$19.52 per US$1,000 (the Initial Stated Amount of an individual Citicertificate) payable on 1st September, 1990. The Stated Amount of the Citicertificates outstanding will be 85.5794706% of the Initial Stated Amount of the Citicertificates, or US$855.79 per individual Citicertificate until 1st September, 1990.

Security Pacific Merchant Bank

1st June, 1990 — Security Pacific National Bank, London – Agent Bank

Security Pacific Merchant Bank is the business name of Security Pacific National Bank, a member of The Securities Association.

IG INDEX

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Tel: 071-828 7233 AFBD member

FTSE 100	WALL STREET
June. 2372/2382 +1	June. 2882/2894 +3
Sept. 2420/2430 +1	Sept. 2920/2932 +1

5pm Prices. Change from previous 9pm close

KLEINWORT BENSON GROUP plc
(formerly Kleinwort Benson Lonsdale plc)

US $100 million
Primary Capital
Undated Floating Rate Notes

US $125 million
Primary Capital
Undated Floating Rate Notes (Series Two)

For the interest period 31 May, 1990 to 30 November, 1990, all the above Notes will carry a Rate of Interest of 8 7/8 per cent per annum with a coupon amount of US$451.15.

CHEMICAL BANK
Agent Bank

SINCE 1848
EAST RIVER SAVINGS BANK
East River Savings Bank

U.S. $100,000,000 Collateralized
Floating Rate Notes due August 1993

For the three months 31st May, 1990 to 31st August, 1990 the Notes will carry an interest rate of 8.4875% per annum with an interest amount of U.S. $2,169.03 per U.S. $100,000 Note, payable on 31st August, 1990.

Bankers Trust Company, London — Agent Bank

MELLON BANK NA
USD 250,000,000 FLOATING RATE
SUBORDINATED CAPITAL NOTES DUE NOVEMBER 1996

Notice is hereby given that for the period 31 May, 1990 to 31 August, 1990, the Notes will carry an interest rate of 8 1/2% per annum. Interest payable on 31 August 1990 will be US$1,086.11 per US$50,000 Note.

CHEMICAL BANK — As Agent Bank

INTERNATIONAL CAPITAL MARKETS

Weakness of franc causes decline for French bonds

By **Stephen Fidler** in London and **Janet Bush** in New York

THE FRENCH government bond market continued to weaken as traders worried that short-term interest rates in France might have to be raised to bolster the franc.

The French currency has been at or close to the bottom of its allowed range within the European Monetary System against the Italian lira, which brings a presumption of action by central banks. Capital flows into Italy have continued to support the lira and underpin the Italian bond market.

Prices at the long end of the market were down by about ¾ point. The futures market was down 50 centimes by the close, and weakened further in after-hours trading.

As a result, the yield spread between the French and German market continued to widen. Compared to the recent low of about 65-70 basis points, French 10-year yields were for a time 100 basis points above their German equivalents. The spread finished the day at about 98 basis points, a 10 point widening on the day.

GOVERNMENT BONDS

However, the German market was hardly active, with the cash market closing between 15 and 20 pfennigs down on the day.

The fortnightly meeting of the Bundesbank council produced no policy changes ahead of the forthcoming Whit holiday next Monday, which added to the torpor.

According to dealers, trading was inhibited by the expiry next week of the June futures contract on the London international financial futures exchange, where there remains a significant number of outstanding contracts.

■ REMARKS by the Bundesbank president, Mr Karl-Otto Pöhl, that the UK's inflation rate showed that sterling was not yet ready to join the exchange rate mechanism of the European Monetary System hurt the UK government bond market.

However, trading was light, with prices drifting off by up to ½ point on the day after a mid-session rally proved short-lived.

■ US TREASURY bonds lost small price gains made early yesterday after the publication of the latest report by purchasing managers in the Chicago area, which suggested stronger business activity.

The Treasury's benchmark long bond had stood about ⅛ point higher at the outset, but then dipped back to be quoted ⅛ point lower at midsession for a yield of 8.6 per cent.

The Chicago purchasing managers' report is closely looked at as a precursor to the national report – due today – because it encompasses the industrial mid-west. The Chicago index of activity jumped to 56 per cent in May from 54.2 per cent in April. Anything above 50 per cent suggests that the manufacturing economy is expanding.

The concern of the bond market, of course, is that any more signs of strength in the manufacturing sector will increase the US Federal Reserve's desire to tighten monetary policy. However, it may be argued that weakness in other sectors – notably housing – would counterbalance any recovery in manufacturing.

Trading yesterday was subdued because the market was waiting for today's all-important May employment release. The bond market appears to have been sustained in recent sessions by anticipation of more weak economic releases, making it vulnerable to any strength in the employment numbers.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/05	93-20	-04/32	12.71	12.65	13.83
		10.500	5/99	91-02	-06/32	12.16	12.11	13.12
		9.000	10/08	83-09	-06/32	11.15	11.15	11.96
US TREASURY *		8.875	05/00	101-19	-04/32	8.63	8.58	9.06
		8.750	05/20	101-14	-07/32	8.61	8.61	9.03
JAPAN	No 119	4.800	6/99	97.9493	-0.096	6.97	7.03	7.43
	No 2	6.700	3/07	93.1247	-0.074	6.58	6.80	7.17
GERMANY		7.750	02/00	93.8200	-0.050	8.70	8.74	[illegible]
FRANCE	BTAN	9.000	02/95	96.2746	-0.211	10.09	9.91	9.99
	OAT	8.500	03/00	92.7900	-0.380	9.66	9.54	9.66
CANADA *		9.750	05/00	93.0500	[illegible]	10.91	[illegible]	11.86
NETHERLANDS		9.000	05/00	100.0900	-0.310	8.99	8.95	8.99
AUSTRALIA		12.000	7/99	92.2429	+0.099	13.49	[illegible]	13.69

London closing. *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

Skandia to form investment company

SKANDIA, Sweden's largest insurance and property group, intends to establish a separate company to carry out its investment operations, writes Robert Taylor in Stockholm. The current investment assets of the Skandia group total SKr150bn ($24.7bn).

Skandia said that it had decided to bring its investment operations into a single unit, which would become a separate profit centre.

The new company, with headquarters in Stockholm, will also have offices in London, New York, Copenhagen and Bergen.

"We envisage new and greater challenges for investment managers in the future," said Mr Bjorn Hall, chief investment officer who will become president of the new company. "We are expanding our investment know-how and competence, not least at the international level. In future, we should be able to accept investment management assignments from other principals than our insurance companies."

The new company is to start operations at the end of 1990.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 5:15 pm on May 31

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	98¼	98¾		9.59
ALBERTA PROVINCE 9 3/8 95	600	99¾	100¼		9.38
AMERICAN GENERAL 9 3/4 95	100	96¼	97¼	+⅛	10.77
AUSTRALIA 11 1/4 00	100	108	108¼	+⅛	9.95
AUSTRIA 8 1/2 00	400	94¼	94¾	+⅛	9.44
BANK OF TOKYO 8 3/8 96	100	94¼	94¾		9.70
BELGIUM 9 1/8 92	400	99¾	100¼		9.15
BFCE 7 3/4 97	150	91¼	92¼		9.42
BNP 8 5/8 94	300	97¼	97¾		9.36
BP CAPITAL 9 5/8 93	150	99¾	100¼	−⅛	9.64
CANADA 9 96	1000	97¾	99¾		9.13
CCCE 9 1/4 95	300	99¾	100¼	+⅛	9.26
COUNCIL EUROPE 8 96	100	93¾	94		9.39
DENMARK 0 98	250	47¼	48		9.52
DENMARK 8 1/4 94	150	96¼	96¾	+⅛	9.35
ECSC 8 1/4 96	193	94¼	95		9.37
EEC 7 1/4 93	250	95¼	95¾		9.20
EIB 7 3/4 96	250	92¾	93		9.38
EIB 11 91	125	101	102	−⅛	9.48
ELEC DE FRANCE 9 98	200	98¼	98¾		9.34
EUROFIMA 9 1/4 96	100	100¼	100¾	+⅛	9.18
EXPORT DEV CORP 9 1/2 98	150	100¾	100¾	+⅛	9.42
FINLAND 7 7/8 97	200	91¼	92¼	+⅛	9.65
FINNISH EXPORT 9 3/8 95	200	100¼	100¾	+⅛	9.32
FORD MOTOR CREDIT 9 1/2 93	300	100¼	100¾	+⅛	9.33
GAZ DE FRANCE 12 1/4 93	175	104¾	105¼	+⅛	10.42
GEN ELEC CAPITAL 9 3/8 96	300	100¼	100¾		9.32
GMAC 10 92	250	100¼	101	+⅛	9.70
HALIFAX 9 1/2 93	200	99¾	100¼	−⅛	9.59
IBM WORLD TRADE 7 5/8 93	150	94¼	95¼	+⅛	9.44
IND BK JAPAN FIN 7 7/8 97	200	91¼	92		9.61
INTER AMER DEV 7 5/8 96	200	91¼	91¾		9.50
ITALY 8 1/2 94	1500	97¼	97¾		9.30
JAPAN DEV BK 8 94	150	95¾	96¼		9.28
KANSAI ELEC PWR 10 96	350	101¼	101¾	−⅛	9.67
LTCB 8 5/8 93	150	98¼	98¾	−⅛	9.34
NEW ZEALAND 8 93	100	95¾	96¼	−⅛	9.62
NIPPON CRED BK 9 3/4 93	150	100¾	101¼	+⅛	9.44
NIPPON TEL & TEL 9 3/8 95	200	100¼	100¾	+⅛	9.25
NISSAN ACCEPT CORP 9 1/4 91	150	100¼	101	+⅛	8.74
OLYMPIA & YORK 8 1/4 96	435	89¼	91¼		10.68
ONTARIO HYDRO 11 5/8 94	200	105¼	106¼	−⅛	9.74
OSTER KONTROLLBANK 8 1/8 93	200	97¼	97¾		9.21
PRUDENTIAL RLTY SECS 0 99	365.216	45¼	46¼	+⅛	9.52
QUEBEC HYDRO 9 3/4 98	150	99¾	100¼		9.78
QUEBEC PROV 9 98	200	95¼	96¼		9.79
SAINSBURY 9 1/8 96	150	97¼	98	+⅛	9.62
SAS 10 99	200	100¼	100¾	+⅛	9.92
STATE BK STH AUST 9 1/4 93	100	99¼	99¾		9.59
SUMITOMO TST 7 3/4 91	100	97¼	98¼		9.42
SWEDEN 8 1/8 94	150	95¼	96¼		9.41
SWEDISH EXPORT 9 5/8 93	100	101	101¼		9.16
TOKYO METROPOLIS 8 1/4 96	200	94¼	94¾	−⅛	9.46
WORLD BANK 8 3/8 99	1500	95¼	95¾		9.30
WORLD BANK 8 3/4 97	1500	98¼	98¾		9.31
XEROX CORPN 8 3/8 96	100	92¾	93¼	+⅛	9.98

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 8 96	200	96¼	96¾	+⅛	9.11
AUSTRIA 6 98	400	83¼	83¾		9.10
CNT 6 1/8 98	200	82¼	82¾	−⅛	9.17
CREDIT FONCIER 6 3/4 99	500	85¼	85¾		9.14
CREDIT LYONNAIS 6 1/8 98	300	82¼	82¾		9.34
DEUTSCHE BK FIN 5 5/8 96	750	85¼	85¾	+⅛	8.91
EEC 5 3/8 93	300	91¼	91¾		9.18
EIB 6 1/8 96	300	86¼	86¾		9.20
EIB 6 7/8 95	300	90¼	90¾	+⅛	9.18
EUROFIMA 6 1/4 98	400	84	84	+1⅛	9.11
FERRO DEL STAT 5 3/8 93	500	91¼	91¾	+⅛	9.20
IND BK JAPAN FIN 5 5/8 96	200	84¼	84¾	+⅛	9.20
INTER AMER DEV 7 1/4 99	300	89¼	89¾	+⅛	9.05
LUFTHANSA INT FIN 5 7/8 98	500	82¼	82¾	+⅛	8.99
QUEBEC HYDRO 6 3/4 99	300	85¼	85¾	+⅛	9.28
SWEDEN 6 1/8 98	300	84¼	84¾	+⅛	9.04
WORLD BANK 0 15	2000	14¼	14¾		7.92
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
COUNCIL EUROPE 7 94 LFr	600	91¼	92¼	−⅛	9.72
KREDIETCORP 7 93 LFr	1000	92¾	93¾	−⅛	9.66
WORLD BANK 8 96 LFr	1000	93	94		9.60
ALBERTA PROVINCE 10 92 C$	500	94¼	95¼	+⅛	12.87
BCE INC 9 5/8 93 C$	300	92¼	92¾	+⅛	12.97
BK MONTREAL REALTY 10 3/4 92 C$	75	95¾	96	−⅛	12.89
BRITISH COLUMBIA 12 1/4 91 C$	100	97¼	98¼	+⅛	13.26
EIB 10 1/8 98 C$	130	89¼	90	+⅛	12.28
FORD CREDIT CANADA 10 94 C$	100	91¼	92	+⅛	12.71
GENERAL ELECT CAP 10 1/4 93 C$	175	93¼	94¼	+⅛	12.66
MONTREAL TRUSTCO 8 1/2 92 C$	100	91¼	92¼	−⅛	13.62
NEW BRUNSWICK 10 3/4 01 C$	150	91¼	91¾	+⅛	12.21
ONTARIO HYDRO 10 7/8 99 C$	500	93¼	94	+⅛	12.05
ROYAL TRUSTCO 10 1/4 93 C$	100	93¼	93¾		13.12
SWEDEN 9 3/4 93 C$	250	93¼	93¾		12.57
TORONTO 11 99 C$	75	93	93¾	+⅛	12.33
AUSTRIA 7 3/8 95 Ecu	125	94	94¾		9.88
BNP 7 7/8 94 Ecu	100	90¼	91¼	+⅛	11.19
CNT 7 3/8 93 Ecu	250	93¼	93¾		10.07
DENMARK 7 5/8 96 Ecu	250	87¼	88¼	+⅛	10.54
EEC 7 5/8 94 Ecu	200	91¼	92¼	−⅛	10.42
EIB 10 97 Ecu	300	98¼	98¾	−⅛	10.35
ITALY 10 3/4 00 Ecu	1000	102	102¼	−⅛	10.41
SWEDEN 7 1/2 93 Ecu	250	92¾	93¼		10.01
BMW FINANCE 14 1/2 92 A$	100	100¼	101¼	+⅛	13.96
COUNCIL EUROPE 13 93 A$	50	99	99¼	+⅛	13.39
DEUTSCHE BK FIN 12 1/4 95 A$	185	93¼	94		14.11
EKSPORTFINANS 12 3/8 95 A$	75	92¼	92¾		14.67
FORD CRED AUST 13 93 A$	50	97¼	97¾	−⅛	14.14
HEINZ 12 3/4 91 A$	100	97¼	97¾		15.51
ICI 15 1/2 92 A$	100	100¾	101¼	+⅛	14.96
NAT AUSTRALIA BANK 14 3/4 99 A$	150	99¼	100¼		14.81
NATWEST AUST BK 13 3/4 91 A$	50	98¼	98¾	+⅛	14.88
STATE BK NSW 14 1/4 99 A$	100	100	100¾	−⅛	14.21
BARCLAYS JERSEY 9 1/2 93 £	150	90¼	91¼	−⅛	13.59
EIB 10 97 £	300	86¾	87¼	−⅛	13.03
FORD CREDIT FUNDING 9 5/8 93 £	50	90¼	90¾		14.00
INTER AMER DEV 11 3/8 95 £	75	94¼	95¼	+⅛	12.90
ITALY 10 1/2 14 £	400	85	85¼		12.49
LAND SECS 9 1/2 07 £	200	73¼	74¼		13.51
LEEDS PERMANENT 9 1/4 93 £	50	89¼	89¾	+⅛	13.88
NORWAY 10 1/2 94 £	200	92¼	92¾		13.23
ROLLS-ROYCE 9 5/8 93 £	150	89¼	89¾	−⅛	14.14
SAINSBURY 10 7/8 93 £	100	93¼	93¾	−⅛	14.07
WORLD BANK 11 1/4 95 £	100	94¼	94¾		12.88
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES: [illegible]

CONVERTIBLE BONDS: [illegible]

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Brussels puts down a futures marker

Lucy Kellaway looks at Belgium's plans to run a domestic futures and options market from next March

Brussels is the political centre of Europe, but as a financial centre it is barely on the map. Yet it has ambitions – and one could be realised next March when trading starts in financial futures and options.

Brussels does not plan to take on the established exchanges in London, Paris or Amsterdam, nor even the newcomers in Frankfurt or Zurich. Instead, Belfox will be aimed solely at the domestic market. It will start with options on 10 of Belgium's best traded stocks, an option on the stock index and a bond futures contract.

If these go well, it plans to launch short-term interest futures, some European currency unit futures, currency options and perhaps some options on futures.

Unlike Matif, the French financial futures exchange, or the London international financial futures market, Belfox will be an electronic exchange, modelled loosely on the systems in the Swiss and German exchanges. The British-owned International Commodities Clearing House (ICCH) will set up and run the exchange in its early days. The second floor of Brussels' grandiose old bourse is being gutted and modernised, and staff are being recruited and trained.

The exchange is a joint project between the stock exchange, which has a 50 per cent share, and the five biggest Belgian banks and financial institutions, which have put up the first BFr250m. They are looking for member firms to provide the second slug of equity, hoping to recruit 40 firms each willing to put up BFr1.5m to BFr7.5m in initial capital, the exact amount varying with the type of membership.

For the time being the members are likely to be the trading divisions of the Belgian banks, as the capital required will be too much for smaller Belgian brokers.

Some people fear that the idea is too ambitious; that Belgium is not big enough for such a market. They argue that when trade in the cash market in some of the largest stocks is almost nil, the hope of supporting an options market is fanciful.

Moreover, the only experience so far with option trading on a Belgian share is not encouraging: Amsterdam's options on Petrofina – perhaps the bluest of Belgian blue chips – had to be withdrawn through lack of interest.

The new managing director of the stock exchange, Mr Luc De Brabandère, has no time for such worries. "Belgium has no choice," he says. "Belfox must be a success. At the moment all the trading that could be done here is going straight to Amsterdam."

The growing interest of Belgian investors in options on the Amsterdam exchange bodes well for Belfox. There is also some encouraging interest from Belgian institutions. Kredietbank, one of the prime movers behind Belfox, has been trading government bond futures over the counter for nearly three years, and is now turning over between 1,200 and 2,000 contracts a day. The bank argues that it would not take much more volume to make the whole exchange break even: on current projections it would need a daily turnover of only 2,500 lots.

The most serious obstacle in the short term is getting the Belgian legal machinery to move quickly enough to change a law, which could prevent Belfox from opening. The law is designed to protect private individuals who have made losses through speculation. It is similar to former laws in Germany and France which have been removed to allow their futures exchanges to open.

In theory, the finance and justice ministries are in favour of new legislation, and the aim of making Brussels a financial centre is recognised by all. But things have a habit of moving slowly in Belgium.

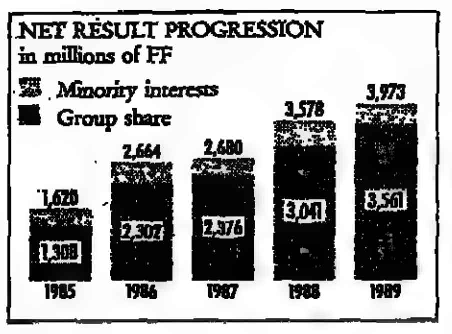
Over-counter trading allowed in Athens

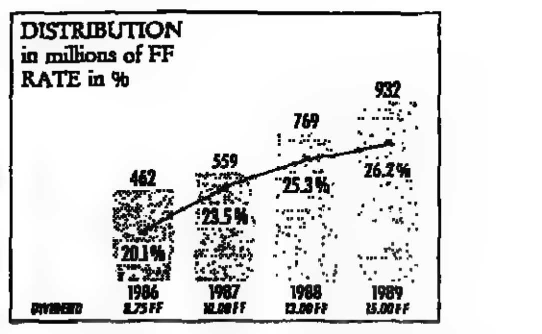
ATHENS Stock Exchange has launched over-the-counter trading, for small, high-growth ventures with capital of more than Dr100m, AP-DJ reports.

Companies must show profits for three consecutive years before they gain stock exchange endorsement, and must hire an underwriter to take on unsold shares.

SOCIÉTÉ GÉNÉRALE SHAREHOLDERS

HERE ARE OUR 1989 RESULTS: A NEW RISE IN OUR NET PROFIT: FF 3,561 Mio (+ 17.1%).





The Group's share of net income reached FF 3,561 million, up 17.1% over 1988. Net earnings per share attained FF 60.4 (+ 11.1%). Total distributed earnings progressed markedly (+ 21.2%), reaching a total of FF 932 Mio, placing us among the leading French companies.

The proposed dividend per share amounts to FF 22.50 including tax credit, marking growth of 15.4% over 1988. The results were a product both of the growth of our business – net banking income went up by 6.1% to FF 32,217 Mio – and of control of our management costs (FF 22,026 Mio) which only increased by 5.2%*.*

Our gross operating income amounts to FF 10,191 Mio (+ 8.2 %). In 1989, we pursued our conservative policy with regard to country risks. Allocations for operating provisions increased by 15 %* and the ten main country risks for which provisions have been made (more than 3/4 of all country risks) are covered at close 61 %. We have increased our group equity by 12.30 %.*

*Applying the same method for consolidation of the BIP (Banque Internationale de Placement).

DEVELOPMENT OF OUR BUSINESS

- *Rise in customer loans outstandings (up 15%), with a significant resumption of our credits to companies. Customer deposits rose by 10%.*
- *Development of our business in fund management: total funds managed by the group namely in the form of mutual funds amounted to FF 235 bn at 31.12.89, including the business of Touche Remnant, our British subsidiary acquired in April 89.*
- *Development of our international network entities, with a noticeable increase in net results for New York and London.*
- *Good performances in shares recorded in our market business. Our Bonds and Treasury operations were adversely influenced by the inverted yield curve.*
- *Increase in the total of our investment portfolio at 31.12.89: up 43.3%. The estimated value of industrial and commercial holdings held by Geneval amounted, at the end of 1989, to FF 13.2 bn with a latent capital gain of FF 4.8 bn.*

For additional information please contact our London Branch - 60, Gracechurch street - LONDON EC 3 V OHD or our "Shareholders Relations" Department in Paris - Tel.: (33) 1 40.98.52.16.

GENERALE

LET'S COMBINE OUR TALENTS.

Member of T.S.A. and A.F.B.D.

All of these securities having been sold, this announcement appears as a matter of record only.

New Issue

6,000,000 Shares

The Thai Capital Fund, Inc.

Common Stock

The New York Stock Exchange symbol is TC

2,400,000 Shares

The above shares were underwritten by the following group of international Underwriters.

Daiwa Europe Limited

Merrill Lynch International Limited

Daiwa Securities (H.K.) Limited

Asian Finance and Investment Corporation Ltd

BNP Capital Markets Limited — Enskilda Securities, Skandinaviska Enskilda Limited — N M Rothschild & Sons Limited

UBS Phillips & Drew Securities Limited — United Merchant Bank Limited

3,600,000 Shares

The above shares were underwritten by the following group of U.S. Underwriters.

Merrill Lynch Capital Markets — Daiwa Securities America Inc.

Dillon, Read & Co. Inc. — Donaldson, Lufkin & Jenrette Securities Corporation

Goldman, Sachs & Co. — Arnhold and S. Bleichroeder, Inc.

INTERNATIONAL CAPITAL MARKETS

Warm welcome for ESOP Finance asset-backed deal

By Andrew Freeman

GOLDMAN SACHS launched an unusual asset-backed issue on the Eurobond market yesterday and claimed the deal was over-subscribed. Goldman acted as an agent rather than an underwriter on the issue, which came in registered form and was available for immediate US placement under Rule 144a.

The $173.8m five-year deal was for ESOP Finance Trust, a special vehicle created to securitise a $220m pool of Employee Stock Ownership Plan notes guaranteed by Exxon Corporation. The bonds were priced with a 9.35 per cent coupon to be re-offered at 100¼ giving a spread of 72.6 basis points over Treasuries.

Goldman formed a small syndicate of four co-managers and the paper was quickly placed, trading at 100.30 bid for most of the session. At that level the spread over Treasuries tightened to around 69 basis points.

The Swiss market continued to do well, with traders reporting growing international investor interest. Among primary issues, prices rose by around ⅛ point in heavy turnover. Many deals are now trading above their issue prices.

The SFr150m 10-year deal for the Asian Development Bank closed at less ¾ bid, up ⅜ point, while the recent 7¼ per cent SFr200m EIB issue which struggled at its launch last week was trading at less ⅝ point bid, up ⅜ point for the second day running and well inside fees.

Credit Suisse brought a two-tranche SFr300m issue for the Republic of Austria. The bonds carried the same 7⅛ per cent coupon but had different issue prices and maturities. After opening way inside fees at less ⅞ bid, the price improved to close at less ⅝ bid.

The first Japanese borrower to tap the market since mid-March was given a warm welcome, although at SFr20m the deal was aptly described as testing the water. Footwork Express Corporation, a transport and packaging company, launched the bonds with a 7¾ per cent coupon via Credit Suisse and the paper was quickly sold out. At the close, the lead manager was bidding the bonds at less ½, a full point inside fees.

INTERNATIONAL BONDS

The Australian dollar sector, already full of paper after recent issues, saw three further deals. Westpac's A$25m issue for Finnish Export Credit carried an astonishing 26 per cent coupon. Described as a leveraged forward transaction around the D-Mark/A$ cross exchange rate, it was not expected to trade widely.

McDonalds Restaurants of Canada launched an A$100m five-year deal via Deutsche Bank Capital Markets to an average reception. The paper was trading on fees at less 2 bid amid fair retail interest. Proceeds were thought to have been swapped into floating-rate Canadian dollars.

Hambros' A$100m 10-year deal for the State Bank of South Australia was trading just inside fees to co-managers at less 2 bid and was described as targeted towards institutional and investment funds looking for big tickets.

Credit Commercial de France was the lead manager of a FFr1bn 10-year deal for CEPME, the state-guaranteed institution responsible for lending to small businesses.

The bonds were priced at 101.60 with a 10 per cent coupon to yield 43 basis points over OATs. This level uncovered mainly domestic demand that took the lead manager by surprise. Towards the close the paper was trading inside fees at less 1.75 bid, a spread of 34 basis points over OATs.

● Salomon Brothers issued covered call warrants on two baskets of international shares yesterday.

The Italian basket comprises Credito Italiano, Mediobanca, Ambro Veneto, BCI and Banco Lariano. Salomon launched 2.5m warrants with an 18-month maturity, priced at 24.5 per cent with a premium of 19.5 per cent, giving a gearing of 4.1 times. Ten warrants will be exercisable into one basket.

The basket of Belgian shares contains six leading industrial groups. Salomon issued 500,000 warrants priced at 23.6 per cent with a premium of 18.6 per cent, or 4.2 times geared.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
FRENCH FRANCS						
Cepme(a)◆	1bn	10	101.60	2000	1⅞/1¼	CCF
Lyonnaise des Eaux(b)§◆	720	6½	(b)	1999	2½/1½	Credit Lyonnais
AUSTRALIAN DOLLARS						
McDonald's Rest. Canada(a)◆	100	15	101.65	1995	2	Deutsche Bank Cap. Mkts
State Bank Sth Australia(a)◆	100	14½	102	2000	2¼/1½	Hambros Bank
Finnish Export Credit(c)◆	25	26	101	1991	1	Westpac Banking
US DOLLARS						
Esop Finance Trust(d)◆	173.8	9.35	100¼	1995	25bp	Goldman Sachs Int.
Nippon Credit Bk(Curacao)(e)◆	150	10	102	2000	2/1¼	Nippon Credit Int.
SWISS FRANCS						
Austria, Republic of(f)◆	150	7⅛	101¼	2002	2½	Credit Suisse
Austria, Republic of(g)◆	150	7⅛	101½	2005	2¾	Credit Suisse
Footwork Express Corp.(h)☆☆◆	20	7¾	100¼	1995	1½	Credit Suisse
YEN						
Monte dei Paschi di Siena(a)◆	10bn	6.9	100⅞	1993	1⅛/⅞	Yamaichi Int. (Europe)

☆☆Private placement. §Convertible. ◆Final terms. a) Non-callable. b) FFr2-2½bn domestic issue of which FFr720m aimed at international investors. Issue price FFr800. Non-callable. Banque Indosuez is book runner for domestic placing. c) Redemption linked to A$/DM exchange rate. d) Non-callable. Fixed re-offer price. e) One call after three years at par. f) Call after nine years at 101½ declining ½% p.a. g) Call 2000 at 101½ declining ¼% p.a. h) Call 1992 at 101¼ declining ¼% semi-annually.

Insurance covers Third World debt for Paribas

By George Graham in Paris

PARIBAS, the French investment bank, has shed the last of its exposure to sovereign debt risk from developing countries through an innovative insurance policy.

Mr Michel François-Poncet, chairman of the bank's supervisory board, said the group had signed an insurance policy with a US insurance company covering 60 per cent of the FFr7.8bn ($1.4bn) sovereign debt exposure of its Banque Paribas and Crédit du Nord banking subsidiaries for the next 20 years.

Paribas had established provisions covering 53 per cent of its exposure.

Michel François-Poncet: took insurance with US company

The premium of the policy will be paid by the 13 percentage point reduction in these to 40 per cent.

The bank will remain free to manage its debt portfolio as it pleases.

It has been active in the secondary debt market and in debt-equity swaps in Brazil and Mexico. But it will also be covered by the unnamed insurance company.

This company has an AAA credit rating and is setting aside a blocked portfolio of US Treasury bonds to back up the policy.

Paribas officials said that the arrangement was the first of its kind and was exciting the interest of several other French and international banks.

Amex and Reuters venture likely

By Stephen Fidler, Euromarkets Correspondent

THE AMERICAN Stock Exchange and Reuters, the UK news and information group, are expected to announce a joint venture this month to establish a screen trading system for the rapidly growing market in privately placed securities in the US.

Mr James R. Jones, Amex chairman, said in London yesterday that he "hoped to announce a joint venture with a European partner in the next two weeks."

He said matters remained to be resolved before an announcement of the agreement and so declined to name the prospective partner.

It is understood, however, that the exchange is in negotiations with Reuters over the project. A Reuters official could not comment.

Mr Jones said he was strongly committed to the concept.

He reckoned that the system could be running in full by the end of the year or "incrementally" before that.

The system, which the exchange has been calling Situs, would be established as a competitor to the Portal system of the National Association of Securities Dealers, which runs the Nasdaq exchange.

Although Portal is expected to be in operation before Situs, Mr Jones said: "We believe our system and technology will be superior."

The market for private placements of debt and equity, where issuers of securities can avoid the often onerous registration requirements of the Securities and Exchange Commission by selling only to recognised institutional investors, has been growing rapidly. New rule 144a, approved in April by the SEC, is expected to further spur growth by improving the prospects for secondary market trading in private placements, which previously was highly restricted.

Portal, which has SEC approval, and Situs, which has yet to obtain it, would be the vehicles for both placement and subsequent trading of the securities among investment institutions and securities houses. The two exchanges would act as arbiters of the investors qualified to deal on the systems.

Predictions about the future of the market vary widely from those that expect to see volumes rising rapidly to those that believe rule 144a to be an important development, but one which will result in only modest market growth. It is expected to lead to increased capital-raising in the US by foreign companies not wanting to go through SEC registration.

Jardine Fleming in Taiwan link

By Peter Wickenden in Taipei

JARDINE FLEMING plans a joint securities venture in Taiwan with two of the island's leading industrial groups: Yue Loong Motor, the largest Taiwanese car maker, and USI Far East, a big manufacturer of polyethylene.

Jardine Fleming Taiwan Securities will apply to establish an integrated securities house to offer underwriting, brokerage, research, trading and over-the-counter market making services. Jardine Fleming's shareholding is 35 per cent, and business is expected to start in September.

Yue Loong, 25 per cent owned by Nissan, has been diversifying since domestic sales began to suffer under a flood of imports last year. It recently issued Taiwan's second domestic convertible bond to finance a five-year recovery programme.

For USI Far East, Jardine Fleming has been involved in an overseas share placement and the company's investment in a petrochemicals complex in the Philippines.

Jardine Fleming sold its stake in a Taiwanese securities house this year after a disagreement with the local partner over management practices. Mr Alan Smith, the firm's Hong Kong-based managing director, said the new venture reflected Jardine Fleming's commitment to the Taiwan market.

After falling by 50 per cent over the last three months, the Taiwan Stock Exchange yesterday continued a sharp rebound as institutional support began to bring small investors off the sidelines. Analysts predict a steady recovery now that the new premier and Cabinet are in place.

● Hoare Govett Asia has received licenses to expand its broking operations in Singapore and Taiwan.

The company's representative office in Singapore has been granted a securities dealer's permit from the Monetary Authority and has received a license in Taiwan as a securities investment consultant.

The moves increase Hoare Govett Asia's independent offices in the region to seven.

Water company to raise FFr2bn

By George Graham in Paris

LYONNAISE des Eaux, the French water and services group, is to raise FFr2bn, with a possible extension to FFr2.5bn, through a new issue of convertible bonds, part of which will be reserved for international investors.

The French parent company has spent FFr6.8bn on financial investments in the last three years, with total investments of FFr2.7bn last year. It has acquired stakes in several British water companies, including about FFr1bn in the privatised Anglian, Severn Trent and Wessex water companies.

Through its subsidiary Pompes Funèbres Générales, the group has also taken a stake in the UK funeral services group Hodgson Kenyon, and invested heavily in Spain.

Lyonnaise raised FFr1.4bn last year through an issue of bonds with attached warrants. It also faces heavy investments in cable television, where it is one of France's principal participants.

The group made net profits of FFr726m last year, up 31 per cent from the previous year, on sales of FFr21.6bn. Its cash-flow of FFr2.2bn allows it to finance physical investments, but not its full range of acquisitions and financial investments.

The new bond matures in 2000 and carries a coupon of 6.5 per cent, giving an actuarial yield of 7.27 per cent. It is immediately convertible at a rate of one for one.

The issue is managed by Banque Indosuez and Crédit Lyonnais. The tranche reserved for the international market is FFr720m.

£35m loan for Taurus arranged

By Andrew Freeman

BARCLAYS BANK has completed syndication of a £35m loan to fund the Taurus paperless share trading system under development by London's International Stock Exchange. The deal is due to be signed at the end of next week.

The facility is thought to be a 10-year term loan paying a margin of 30 basis points over London interbank offered rate. The funds may be drawn in three tranches over the first three years, with an initial £15m tranche.

Interest is capitalising with equal repayments on each tranche. There is a commitment fee of 1.5 basis points. The syndicate is understood to contain about 15 banks.

The ISE announced on Wednesday that the loan would pay for the bulk of the estimated £54m development costs for Taurus, which is due to be introduced by 1993.

● Electricity Corporation of New Zealand is establishing a $1bn global medium-term note programme, being arranged by Morgan Stanley.

The notes can be placed either in the US, through private placements under the Securities and Exchange Commission's Rule 144a, or in the Euromarkets.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Thursday May 31 1990: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act. at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Wed May 30 Index No.	Tue May 29 Index No.	Fri May 25 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (199)	888.92	-0.3	13.07	5.10	9.26	16.08	891.84	878.92	868.40	953.36
2	Building Materials (27)	1117.94	....	14.15	5.31	8.73	21.22	1117.67	1098.72	1083.19	1107.70
3	Contracting, Construction (36)	1370.86	-0.1	17.49	5.99	7.44	33.82	1372.64	1357.93	1348.98	1670.87
4	Electricals (10)	2535.96	+0.1	11.22	5.28	10.97	61.43	2532.36	2512.63	2499.80	2772.30
5	Electronics (29)	1852.36	-1.5	9.80	4.01	13.20	19.03	1880.93	1855.74	1833.33	2212.54
6	Engineering-Aerospace (8)	485.92	+1.0	13.36	4.79	8.92	9.31	481.22	473.12	467.59	0.00
7	Engineering-General (43)	489.66	+0.5	11.74	5.18	10.29	8.40	487.09	480.48	478.85	0.00
8	Metals and Metal Forming (6)	484.82	-1.9	24.23	6.43	4.65	2.31	494.17	492.85	487.45	543.46
9	Motors (16)	358.25	-0.2	15.38	6.29	7.59	9.64	358.82	355.86	352.57	321.29
10	Other Industrial Materials (24)	1630.30	-0.3	10.91	4.89	10.58	33.09	1634.01	1602.42	1573.55	1560.48
21	CONSUMER GROUP (178)	1288.41	....	9.38	3.89	13.20	17.96	1289.10	1262.27	1250.67	1198.63
22	Brewers and Distillers (21)	1560.11	+1.2	9.82	3.71	12.32	20.38	1541.47	1505.34	1488.30	1294.57
25	Food Manufacturing (20)	1089.07	+0.1	10.34	4.36	11.95	17.73	1087.96	1076.01	1061.94	1052.46
26	Food Retailing (16)	2513.28	-0.3	9.06	3.22	14.17	33.61	2521.73	2465.03	2421.47	2210.41
27	Health and Household (15)	2556.09	-0.7	6.73	2.70	17.67	24.15	2575.33	2519.56	2515.16	2213.05
29	Leisure (31)	1444.79	-0.1	9.92	4.22	12.28	23.99	1446.56	1426.96	1409.43	1646.67
31	Packaging & Paper (12)	591.34	+0.2	12.42	5.92	10.30	11.63	590.36	586.72	585.62	567.59
32	Publishing & Printing (16)	3448.22	+0.2	9.71	5.21	12.97	50.81	3443.84	3364.00	3331.65	3508.73
34	Stores (35)	809.62	-0.5	11.04	4.67	11.68	12.47	814.00	789.11	783.35	786.46
35	Textiles (12)	495.09	-0.1	12.77	7.32	10.03	16.06	495.41	490.76	492.35	535.84
40	OTHER GROUPS (105)	1176.81	....	11.00	4.95	10.93	11.38	1176.70	1155.92	1141.24	1091.05
41	Agencies (17)	1656.68	-0.3	6.08	2.38	19.88	14.99	1661.34	1636.25	1610.98	1397.33
42	Chemicals (23)	1276.52	-0.2	11.14	5.18	10.50	31.08	1279.10	1255.36	1239.90	1259.38
43	Conglomerates (14)	1669.75	....	10.10	5.92	11.90	14.41	1670.65	1629.41	1600.54	1568.96
44	Transport (13)	2260.41	....	11.07	4.43	11.41	37.81	2259.50	2231.52	2222.34	2436.34
46	Telephone Networks (2)	1191.46	+0.6	10.95	4.61	11.88	0.00	1184.69	1163.11	1149.22	1086.44
47	Water (10)	1935.23	-0.7	18.01	7.00	6.15	0.00	1948.44	1926.83	1909.83	0.00
48	Miscellaneous (26)	1790.06	-0.1	11.60	4.74	9.84	19.15	1791.82	1765.91	1741.81	1523.80
49	INDUSTRIAL GROUP (482)	1167.21	-0.1	10.79	4.52	11.29	15.89	1168.38	1147.04	1134.44	1126.43
51	Oil & Gas (18)	2337.57	+0.3	11.61	5.20	11.38	46.43	2331.05	2287.08	2259.65	2021.46
59	500 SHARE INDEX (500)	1265.13	....	10.90	4.61	11.30	18.34	1266.73	1242.51	1228.69	1202.43
61	FINANCIAL GROUP (188)	805.52	+0.2	–	5.72	–	19.06	803.95	784.37	775.18	725.70
62	Banks (9)	862.39	+0.9	19.03	6.23	6.88	25.62	855.03	828.04	814.54	718.75
65	Insurance (Life) (7)	1381.34	-0.6	–	5.32	–	36.94	1390.11	1351.88	1351.29	1032.31
66	Insurance (Composite) (6)	680.75	-0.5	–	6.07	–	19.43	684.11	664.60	654.44	570.80
67	Insurance (Brokers) (7)	1088.05	-0.4	7.95	5.98	16.57	27.41	1092.17	1074.15	1065.06	990.30
68	Merchant Banks (7)	439.47	-0.5	–	4.50	–	4.85	441.78	442.30	440.86	333.57
69	Property (47)	1100.93	....	8.18	4.25	15.66	10.86	1100.69	1085.87	1071.95	1285.84
70	Other Financial (25)	313.75	+0.9	14.21	7.12	9.22	5.04	311.11	307.41	307.91	364.09
71	Investment Trusts (67)	1209.50	+0.3	–	3.21	–	13.32	1206.16	1190.57	1191.21	1145.48
91	Overseas Traders (5)	1405.21	-0.4	8.69	6.50	14.08	43.49	1410.50	1372.87	1368.61	1338.35
99	ALL-SHARE INDEX (680)	1154.24	....	–	4.74	–	18.29	1154.29	1132.24	1120.03	1085.59

	Index No	Day's Change	Day's High (a)	Day's Low (b)	May 30	May 29	May 25	May 24	May 23	Year ago
FT-SE 100 SHARE INDEX‡	2345.1	-1.1	2357.2	2333.7	2346.2	2295.6	2265.6	2277.1	2287.4	2103.4

FIXED INTEREST

	PRICE INDICES	Thu May 31	Day's change %	Wed May 30	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	115.33	-0.16	115.51	–	4.71
2	5-15 years	120.39	-0.34	120.79	–	4.96
3	Over 15 years	123.23	-0.52	123.87	–	4.77
4	Irredeemables	140.97	-0.51	141.69	–	6.12
5	All stocks	120.73	-0.30	121.09	–	4.91
	Index-Linked					
6	Up to 5 years	144.81	+0.13	144.62	–	1.49
7	Over 5 years	136.98	-0.19	137.24	–	1.38
8	All stocks	137.45	-0.17	137.68	–	1.38
9	Debentures & Loans	98.06	-0.01	98.07	–	4.63
10	Preference	73.22	+0.05	73.18	–	2.99

	AVERAGE GROSS REDEMPTION YIELDS		Thu May 31	Wed May 30	Year ago (approx.)
	British Government				
1	Low	5 years	11.34	11.33	9.88
2	Coupons	15 years	11.00	10.98	9.53
3		25 years	10.90	10.87	9.36
4	Medium	5 years	12.40	12.31	11.05
5	Coupons	15 years	11.53	11.47	10.04
6		25 years	11.13	11.07	9.59
7	High	5 years	12.50	12.41	11.13
8	Coupons	15 years	11.84	11.74	10.25
9		25 years	11.44	11.34	9.78
10	Irredeemables†		10.88	10.82	9.37
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	5.28	5.32	3.95
12	Inflation rate 5%	Over 5 yrs.	4.22	4.20	3.77
13	Inflation rate 10%	Up to 5 yrs.	4.22	4.26	3.19
14	Inflation rate 10%	Over 5 yrs.	4.03	4.02	3.60
15	Debs &	5 years	14.64	14.65	12.07
16	Loans	15 years	13.45	13.45	11.70
17		25 years	13.02	13.02	11.33
18	Preference†		12.59	12.60	10.21

‡Opening index 2347.1; 9 am 2351.7; 10 am 2356.1; 11 am 2344.5; Noon 2339.3; 1 pm 2334.9; 2 pm 2335.5; 3 pm 2337.6; 4 pm 2345.6; 4.10 pm 2345.3; (a) 8.49am (b) 2.40pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	86	11
Corporations, Dominion and Foreign Bonds	2	6	16
Industrials	382	278	921
Financial and Properties	211	108	423
Oils	35	16	38
Plantations	0	0	10
Mines	38	35	91
Others	107	34	103
Totals	776	563	1,613

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
–	F.P.	–	126	110	ABI Leisure 10p	126		R0.7	3.3	5.0	8.2
–	F.P.	–	59	58	‡Cahill May Roberts Ir10p	58		L024%	2.7	3.8	10.1
§50	F.P.	–	60	47	Castle Cairo Inv.	47		–	–	–	–
–	F.P.	–	16	11	Do. Warrants	[illegible]		–	–	–	–
100	F.P.	–	98	91	Dartmoor Inv. Tst. 10p	98		K9.6	–	13.3	–
50	F.P.	–	49	47	EFM Java Trust	49	+1	–	–	–	–
–	F.P.	–	21	18	Do. Warrants	21		–	–	–	–
§	F.P.	–	148	119	F & C Germany Inv. Tst.	128		–	–	–	–
–	F.P.	–	64	48	Do. Warrants	49	-2	–	–	–	–
–	F.P.	–	46	29	First Philipne. Inv. Tst.	29	-1	–	–	–	–
–	F.P.	–	22	10	Do. Warrants	12		–	–	–	–
–	F.P.	–	14	7	Fisher (Albert) Wrrts.	7		–	–	–	–
500	F.P.	–	99	95	French Property Tst.	99		–	–	–	–
–	F.P.	–	39	32	Do. Warrants	38		–	–	–	–
135	F.P.	–	143	132	Invergordon Dist. 10p	138	-1	b5.0	2.3	4.8	12.2
500	F.P.	–	505	500	Jupiter Euro Inv Units	500	-5	–	–	–	–
†	F.P.	–	203	201	Northern Investors £1	201xr		Nu8.0	1.0	5.3	–
–	F.P.	–	28	21	Paribas French B Wrrnts	28	+2	–	–	–	–
§84	F.P.	–	93	84	‡Proteus Intl.	92		–	–	–	–
§100	F.P.	–	102	95	Siam Select. Growth Tst.	101		–	–	–	–
–	F.P.	–	38	30	Do. Warrants	37		–	–	–	–
–	F.P.	–	51	31	Templeton Emerg. Wrrnts.	51	+2	–	–	–	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
100	F.P.	–	101	90	‡Bluebird Toys 12pc Cv. Uns. Ln. 2005	94	
102.45	F.P.	–	106¼	102½	Dartmoor Inv Tst 6¼pc RPI-Lnk Db 2005	106¼	
§	F.P.	–	86p	83p	European Leisure 8.75p (Net) Cv Rd Pf	85p	
100p	F.P.	–	106p	96p	Hepworth Cap Fin. 11¼pc Cv. Bds 2005	106p	+½
100p	25p	–	39½p	26p	Reckitt & Colman 9.5pc Cv Bds 2005	39p	-½
100p	F.P.	–	100p	96p	Wyndham Group 9.375pc Cm.Pf	98p	
–	F.P.	–	55p	35p	York Trust 8.5p (Net) Rd.Cv.Pf 20p	42p	+4

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
70	Nil	–	1¼pm	½pm	Anglia Secure Homes	1¼pm	
60	Nil	–	14½pm	6pm	CRT	12pm	+½
15	Nil	–	3pm	½pm	Caskets	½pm	-¼
£11.5	Nil	–	20pm	9pm	Child Health Res. Units	10pm	
152	Nil	–	21pm	12pm	Ellis & Everard	21pm	
132	Nil	–	27pm	11pm	Harrisons & Crosfield	27pm	
140	Nil	–	14pm	1¼pm	‡Midland & Scottish Res	1½pm	+½
41	Nil	–	8pm	6pm	Petrocon	7pm	
Ir13	Nil	–	45pm	40pm	‡Tullow Oil	41pm	
Ir80	Nil	–	10pm	10pm	‡Wardell Roberts	10pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ψ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. * Third Market. B Units comprising 11 new ord. & 2 warrants. ‡ Issued in connection with reorganisation, merger or takeover.

TRADITIONAL OPTIONS

● First Dealings May 21
● Last Dealings June 1
● Last Declarations Aug. 16
● For settlement Aug. 28

For rate indications see end of London Share Service

Calls in First Australian Res., Amstrad, Davies & Newman, Dewey Warren, Mecca Leis. and Maxwell Comms.

LONDON TRADED OPTIONS

TRADING in futures and share options was much quieter yesterday and it was the turn of the underlying equity market to set the pace for the derivatives. Total business in the traded options market fell to 35,852 contracts from the 69,199 of the previous day; yesterday's business comprised 24,659 calls and 11,193 puts.

Traders commented that the cooler tone in sterling following the warning on over-optimism on domestic interest rates from Mr John Major, the Chancellor of the Exchequer, had taken some of the speculative fever out of the markets. Consequently, the Footsie June future settled yesterday, although still maintained a comfortable premium of 34 points over the underlying Footsie index.

In the share option market, activity was largely prompted by situations in the underlying stocks.

Guinness was heavily traded, with 1,536 contracts, as dealers reacted to the news that LVMH, the French luxury goods group, was increasing its stake in the equity of the UK brewer.

But the most active share option was Rolls-Royce (2,916), reflecting renewed speculative interest as the market looked for news on the stake known to have been acquired recently. There was another busy session in the Euro FT-SE option, which recorded 1,270 contracts.

Others to attract interest in the options market included Dixons (1,290), United Biscuit (1,185) and RTZ (1001). There was interest in British Gas (996) as traders responded to the trading statement, balancing positions in the underlying stocks against the futures, and also in Hanson (898) on continued speculative interest. However, traders commented that it was a session of subdued but two-way interest with the steam taken out of the market, at least temporarily.

Option	Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Alld Lyons (*472)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ASDA (*107)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brit. Airways (*205)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SmKl Beecham A (*537)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots (*291)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B.P. (*330)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Steel (*144)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bass (*1086)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C & Wire (*545)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds (*339)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Com. Union (*482)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GKN (*387)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met. (*617)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
I.C.I. (*1203)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kingfisher (*328)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ladbroke (*313)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Secur (*509)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
M & S (*222)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
STC (*268)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sainsbury (*292)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell Trans. (*469)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Storehouse (*119)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trafalgar (*325)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Utd. Biscuits (*347)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls			Puts		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Amstrad	60	[illegible]	11	13	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO FT-SE INDEX (*2348) [illegible]

FT-SE INDEX (*2345) [illegible]

May 31 Total Contracts 35,852. Calls 24,659 Puts 11,193. FT-SE Index Calls 7,605 Puts 6,934. Euro FT-SE Calls 767 Puts 503. *Underlying security price.

UK COMPANY NEWS

Babcock expected growth materialises with £42.6m

By Jane Fuller

BABCOCK International Group, the heavy engineering concern, achieved the growth expected at the time of its split from FKI last summer with a pre-tax profit of £42.62m for the year to March 31.

The first full-year figures included a 19 per cent advance in turnover from £525.39m to £624.33m and a 10 per cent increase in operating profit to £37.23m (£33.85m). Net interest received was £4.24m.

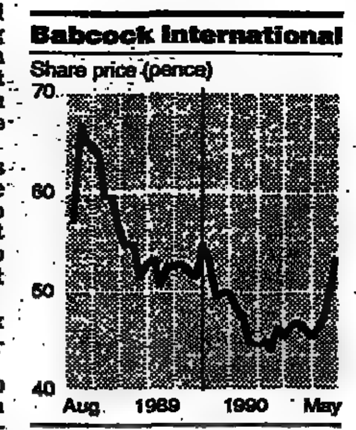
A comparison at the pre-tax level was obscured by discontinued businesses.

The biggest contribution to operating profit, £10.32m (£8.25m), came from the management with Thorn EMI of Rosyth Royal Dockyard, where ships and submarines are refitted for the Ministry of Defence.

Mr Oliver Whitehead, chief executive, said there was scope for developing the facilities management side. The group is interested in the contract to run the atomic weapons establishment at Aldermaston for the Government.

The energy and manufacturing division, which encompasses Babcock's traditional power station work, accounted for 25 per cent of operating profit. The figure of £9.44m was about £3m down on the previous year.

Mr Erik Porter, finance director, said £26m of turnover had been included for two



large power station contracts, but no profit had been taken yet. The biggest was the £300m flue gas desulphurisation project at Drax.

Lord King, chairman, said there should be further opportunities for Babcock's technology for cleaning up emissions from coal-fired stations as the Government bowed to political pressure and European Community rules.

Construction and process plant contracting contributed £7.3m (£5.5m). Mr Whitehead said the group was working on a £70m project to produce town gas in Hong Kong and there was further scope in such areas as oil and chemicals.

Forty per cent of turnover lay overseas.

Earnings per share were 6.53p. The final dividend of 1.8p makes a total of 3p.

The share price closed unchanged at 53p.

● COMMENT

Lord King's complaint that he is fed up with talking about boilers is reflected in Babcock's efforts to play down the power station element of its work. The post-demerger profit reduction served to highlight the growth of other parts. Yet there is still a lot of work to do to push the contracting side on from traditional business with electricity generators to exploiting the potential in a variety of industries. It would also be reassuring to see the facilities management side translate the much mentioned word "scope" into something more concrete. Meanwhile the power station activity should not be sneered at: coal-fired stations must be cleaned up and boilers are needed whatever the fuel: as Lord King commented, "we would not mind if they burnt peat." A forecast pre-tax profit of £45m to £46m this year gives a prospective multiple of between seven and eight – not cheap, but supported by a prospective yield of more than 8 per cent.

Eldridge Pope shares tumble after profit warning

By Vanessa Houlder

SHARES IN Eldridge Pope, the West Country brewer, fell by 15 per cent to 124p after the company warned that it was unlikely to make any profits in the six months to March 31.

The company blamed a combination of particularly difficult conditions in its trading area, heavy discounting by its competitors, high interest costs and delays to planned property sales.

Mr Christopher Pope, chairman and chief executive, said that the decline in consumer spending had a significant impact on brewers in southern England. Although pubs were full, the average spend was not as good as it used to be, he said.

The company said it would take early, unspecified action to restore profitability and reduce borrowings. However the continued existence of its problems would leave profits for the full year substantially below last year's results.

After a heavy investment programme in a hotel in Bournemouth, Eldridge Pope has historically high gearing of 20 per cent.

A year ago, the company announced interim pre-tax profits of £1.05m, which represented a decline on the previous year due to additional financing costs and an increased depreciation charge.

Macdonald Martin up 47%

By Jane Fuller

A developing overseas taste for Glenmorangie, already the best selling single malt whisky in Scotland, helped Macdonald Martin Distilleries to increase pre-tax profit by 47 per cent in the year to March 31.

The taxable figure of £5.53m compares with £3.75m for 15 months to March 1989. Turnover rose to £28.4m (26.6m).

Interest costs were £1.55m (£1.15m). After an increase in tax charge, earnings per A share rose from 107.04p to 131.7p and per B share from 53.52p to 65.85p.

A final dividend of 24p and 12p respectively makes totals of 32p and 16p, an annualised increase of 33 per cent.

The company plans to split both A and B shares into five, with face values of 10p and 5p.

Doctus rises 29% to £3.19m despite trebled interest

By Jane Fuller

DOCTUS, the management and marketing consultancy which recently signed a contract to export timber and minerals from Siberia, increased pre-tax profits by 29 per cent in the six months to March 31.

With turnover advancing to £65.68m (£58.4m), operating profit grew by 65 per cent to £6.85m (£4.16m). However, a near trebling of interest costs to £2.74m (£970,000) left the pre-tax figure at £4.1m (£3.19m).

The comparable figures were restated to include the Prospective Group, a marketing consultancy with which Doctus merged last July.

About 60 per cent of operating profit came from marketing services – mainly from Prospective.

Mr Brian Blake, chairman and chief executive, said Doctus had applied the same profit-enhancing medicine to Prospective as it would to a client. This had included sorting out buying procedures, improving information systems and closing the head office in Park Lane, London.

The sale of assets, such as an aeroplane in the US, would help to reduce gearing. This stood at 200 per cent after the acquisition, had fallen to 170 per cent by March and should be 125 per cent by the year end.

The management consultancy increased operating profit by more than 80 per cent to £2.2m. The main factor had been the move into Europe, with branches established in Portugal, Spain and more recently France.

Doctus USSR had been set up to manage the Siberian contract for the Tomsk regional government. The project entailed exporting £2.6bn of timber over the next 15 years and using the proceeds to buy western equipment.

The benefits would start coming through in the next financial year, said Mr Blake.

Human resources, which involves supplying temporary technical staff, also saw an 80 per cent increase in operating profit to nearly £1m.

About 70 per cent of the group's sales lie overseas.

Earnings per share rose to 6.47p (5.5p), benefiting from a reduced tax charge but diluted by shares issued for earn-outs in Prospective. The interim dividend is 0.78p (0.65p).

The share price gained 2p to close at 138p yesterday,

Sleepy Kids into the red but sees upturn

SLEEPY Kids, the cartoon company which joined the Third Market at the end of July, has reported a £17,000 pre-tax loss for the 29 weeks to January 31, but still expects to attain its projected profit levels. At the time of its placing, the company anticipated profit of £176,000 for the year to July 31 1990.

Turnover in the 29 weeks was £6,000 and there was an operating loss of £94,000, which was reduced by interest received of £77,000.

Fairhaven

Fairhaven International has acquired an 18 per cent interest two US limited partnerships and a Hong Kong limited company, which make up the Nishika group. Nikisha is involved in 3-D photographic technology. Fairhaven's interest amounts to $10m, $6m in cash and $4m made available under the terms of a promissory note.

Approach to Stratagem over Colonnade

STRATAGEM, the investment company which won a tough battle with British & Commonwealth over the takeover of Colonnade Development Capital, said in its interim statement that it had received an approach from a third party which may lead to an offer being made for Colonnade.

Stratagem declared its £8.2m offer for Colonnade unconditional in March.

In the meantime Stratagem said that in spite of exceptional costs of £314,000 for the period, which all related to the offer for Colonnade, the board was confident that Colonnade would prove to be a very profitable investment.

Group results in the six months to February 28 showed a loss before tax of £229,000 (£360,000 profit), with a loss per share of 6.2p compared with earnings of 8.7p.

Turnover fell from £432,000 to £291,000, with the surplus on disposal of investments dropping from £322,000 to £93,000 but there was a rise from £110,000 to £198,000 in other income.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
bock Intnl	fin	1.8	Aug 28	-	3	-
ttish Gas	fin	7.3	-	6.25	10.5	9
own Shipley	fin	7.5	-	6.5	12	10.5
pital Radio	int	1.75	July 20	1.5	-	4.5
ctus	int	0.78	Aug 28	0.65	-	3.05
acd'ld M'tin A	fin	24	July 27	24♦	32	30♦
acd'ld M'tin B	fin	12	July 27	12♦	16	15♦
& G Group	int	7.5‡	July 3	4.5	-	12.5
ottish Inv Tst	int	1.4	-	1.15	-	3.65
dlaw	int	3	July 27	3	-	7.7
nart (J)	int	1.95	July 18	1.75	-	6.4
orehouse	fin	2.5	-	6.3	5	8.8
orn EMI	fin	21.5	-	19.5	30	27
B Channel Isle	int	2.76	-	2.4	-	5.36

vidends shown pence per share net except where otherwise stated. quivalent after allowing for scrip issue. †On capital increased by hts and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third rket. ‡Partly to reduce disparity. ♦For 15 months.

MONTHLY AVERAGES OF STOCK INDICES

	May	April	March	February
ancial Times				
vernment Securities	77.25	78.00	77.08	80.65
ed Interest	86.28	85.51	88.65	90.62
inary	1757.4	1719.0	1772.0	1816.8
d Mines	217.4	244.6	283.0	325.2
AQ Bargains(4.45pm)	25,179	24,461	26,302	25,526
-Actuaries				
ustrial Group	1103.75	1081.63	1117.98	1144.67
Share	1204.65	1186.16	1219.10	1249.22
ancial Group	771.13	781.46	794.04	826.45
Share	1100.35	1087.67	1115.82	1146.53
SE 100	2220.6	2191.3	2248.5	2297.0

	May High	May Low
inary	1857.4 (30th)	1663.5 (1st)
Share	1154.29 (30th)	1049.21 (1st)
SE 100	2346.2 (30th)	2117.9 (1st)

STANDARD BANK IMPORT AND EXPORT FINANCE CY LTD
USD 75.000.000
FLOATING RATE NOTES DUE 1991

For the period May 31, 1990 to November 30, 1990 the rate has been fixed at 8,75% P.A.

Next payment date: November 30, 1990

Coupon nr: 12

Amount: USD 444,79

The Principal Paying Agent
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, avenue Emile Reuter
LUXEMBOURG

Nationwide Anglia Building Society

£300,000,000
Floating Rate Notes Due 1996

(Second Series)
(Issued by Nationwide Building Society)

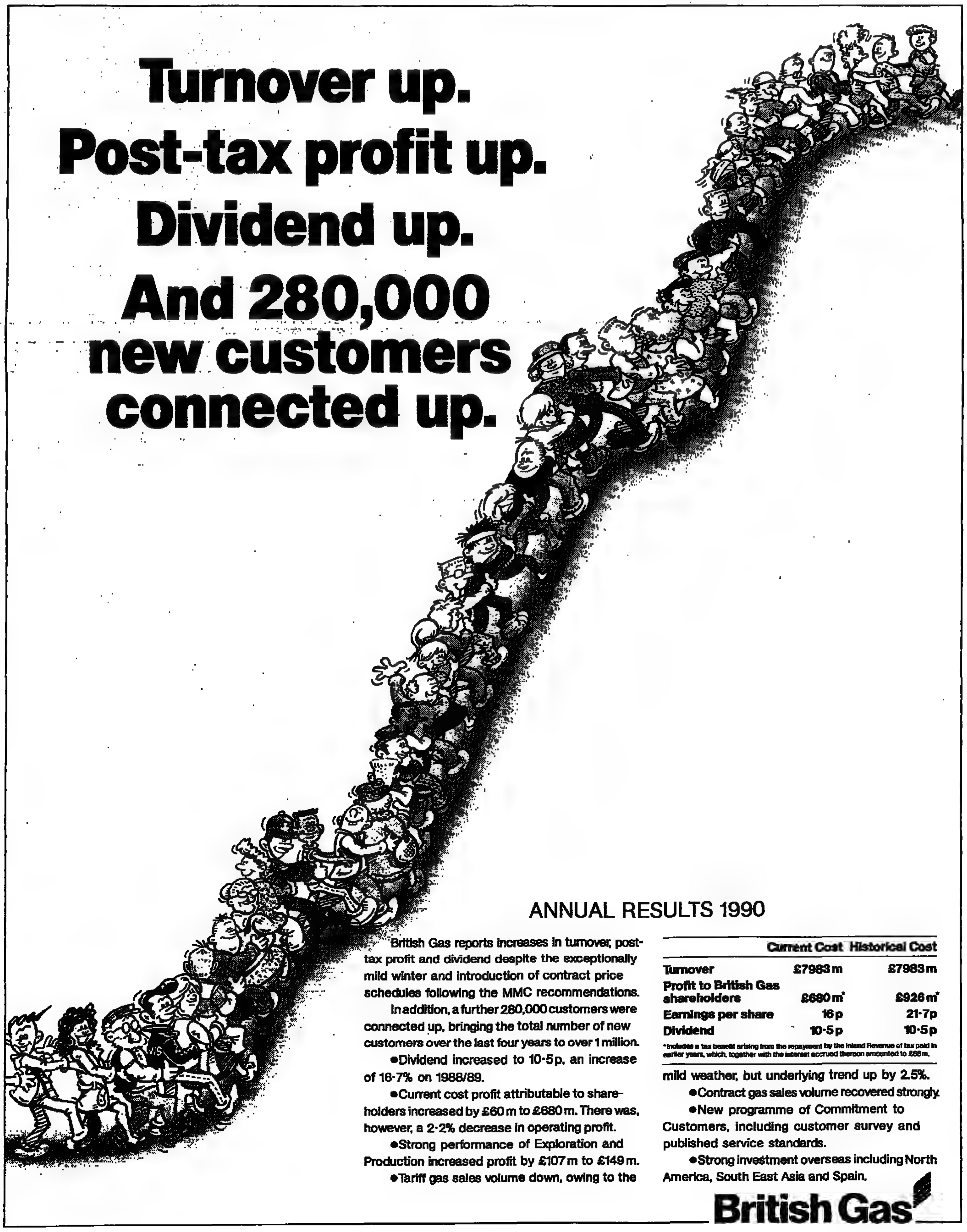
Interest Rate: 15.205% per annum

Interest Period: 31 May, 1990 to 29 June, 1990

Interest Amount per £5,000 Note due 29 June, 1990: £60.40

Interest Amount per £50,000 Note due 29 June, 1990: £604.03

Agent Bank
Baring Brothers & Co., Limited



Profits plunge £27.8m to £32.6m before slashed exceptional costs

City unsurprised by Storehouse fall

By Maggie Urry

ANOTHER SHARP drop in profits from retail operations and a cut in the final dividend at Storehouse, the retailing group, did not take the stockmarket by surprise yesterday.

Worst expectations were not met, and there was a more optimistic statement from the group saying that the year ended on a stronger note than had seemed likely last summer. The shares rose on the day by 5p to 120p.

Pre-tax profits for the year to March 31 fell from £60.4m to £32.6m, before exceptional costs down at £19.8m (£49.1m) which related to restructuring. The taxable result rose slightly to £12.8m (£11.3m).

The recommended final dividend has been cut from 6.3p to 2.5p to give a total of 5p (8.8p).

Mr Michael Julien, who today celebrates two years as chief executive of Storehouse, where chairman Sir Terence Conran stepped down last month, said these results marked a turning point in the group's fortunes. The group has undergone significant restructuring with nearly all the top management jobs changing hands since his appointment.

Over the last two years, costs had been rising faster than sales, cutting profit margins, Mr Julien said. But cost-cutting measures should hold the group's cost increases to 5 per cent in the new financial year. Without forecasting the likely rise in sales, Mr Julien said that the lower rate of cost increases gave the group a chance of reversing the sales/costs squeeze.

Ashley Ashwood

Michael Julien: the group has undergone significant restructuring with nearly all the top management jobs changing hands

He said that during the past year the second half was better than the first. Sales rose by 7.3 per cent over the year to £1.31bn, but the first half gain had been 4 per cent and the second half 10 per cent. The first two months of the current year had continued to show a rise over the same period last year.

Mr Julien said the dividend cut had been made to bring the payment within the scope of earnings per share, which were 5.1p, excluding exceptional items, down from 9.5p.

BhS, the group's chain store, suffered a 32 per cent profit fall to £27.5m, although the second-half fall was only 12 per cent.

Mr Julien hoped for an improvement here in the current year, although only two-thirds of an annual £10m cost saving from 900 recently announced redundancies will arise this year. BhS must also bear a £9m rise in rents following the sale of properties to Oppidan Estates, Storehouse's jointly owned property company, and higher rates.

The home furnishings division, now largely Habitat, fell into losses of £6.8m (profit £5.1m). The UK business lost roughly £10m, and the chain has been cut back sharply. The US business also made losses, but the French Habitat increased profits to more than £8m from about £6m.

In the speciality retailing division, Mothercare suffered a sharp drop in profits, from £17m to £9.4m, while the other businesses increased profits from £1m to £9.3m, with a good performance from Richards, a return to profits at Blazer and a contribution from Jacadi. New management at Mothercare is tackling the chain's many problems, Mr Julien said, returning it to its original focus of goods for mothers and babies.

Lower capital expenditure and strong cash inflow cut net debt to £27.6m (£68.5m) while shareholders' funds fell slightly to £484.8m (£512.4m). Net assets per share are 118p.

See Lex

Creditors to consider revised B&C rescue plans

By David Owen

THE FATE of British & Commonwealth Holdings, the stricken financial services group, may finally be decided early next week when creditor representatives are asked to approve the company's revised capital reconstruction proposals.

SG Warburg, the merchant bank, was understood last night to be putting the finishing touches to its plan. It acknowledged last week that alterations would be needed to its original discussion draft which posited a 25 per cent write-down of more than £700m owed to senior creditors and the sale of all B&C's major businesses.

Among the options believed to be under consideration is the improvement of the terms offered to senior creditors in exchange for an interest-rate moratorium for a pre-ordained period.

Holders of £220m-worth of B&C unsecured loan stock are thought to be demanding that the preferred shares which they would receive in return for agreement to write down their debt be placed higher than originally intended in any future creditors' hierarchy.

It is by no means certain that the size of the write-down to be required of senior creditors will be reduced, however.

If terms to first-tier debtholders are sweetened at the expense of junior creditors, there are fears that holders of £320.5m of convertible unsecured loan stock (CULS) would force B&C into liquidation.

Thorn EMI meets expectations with 10% rise to £317.5m

By Michael Skapinker

THORN EMI, the music, rental, lighting and technology group, yesterday announced annual pre-tax profits up 10 per cent from £289.1m to £317.5m, in line with City expectations.

Turnover for the year to March 31 grew 13 per cent to £3.72bn (£3.29bn). Earnings per share were 70.8p (64.2p) basic and 66.1p (60.7p) fully diluted. The recommended final dividend of 21.5p brings the full-year total to 30p (27p).

The shares added 8p to close at 732p.

The music business showed the biggest profits increase, up 86 per cent to £99.3m (£53.5m) on turnover of £1.03bn (£765.9m). The division's results were boosted by the purchase of the SBK music publishing business last year. But Mr Colin Southgate, the chairman, said profit growth from the existing business was about 50 per cent.

Profit from rental and retail activities was £178m (£159.8m). Turnover was £1.48bn (£1.33bn). Mr Southgate said the best performer was Rent-A-Center in the US, where turnover and profits increased by one-third.

In the retail sector, HMV, the recorded music outlets, had a good year in the UK. The company has secured sites for expansion into Japan, France and the US.

Rumbelows, the electrical goods retailer, traded close to break even in the second half, after running at a £14m to £15m loss in the first.

Profits in the lighting division fell by 19 per cent to £32.9m (£40.5m) on sales of £573.4m (£461.3m). Thorn announced last week that it hoped to sell its lighting business to GTE of the US.

Nearly two-thirds of the division's turnover came from outside the UK. The light fittings business enjoyed a buoyant year in France and Germany. The light source businesses suffered from intense price competition, particularly in the UK.

Profits in Thorn's technology division, which includes defence, security and software, rose from £48.9m to £53.8m. Turnover was £599.9m (£540.7m).

Mr Southgate said business in the past year had been hit by the economic downturn in the UK and Australia and indications of slower growth in the US. He did not expect the situation to change significantly in the coming year.

See Lex

Old LUI policies to be settled

By Patrick Cockburn

THE COURT-APPOINTED administrators of London United Investments, the troubled insurance group, said yesterday that they had arranged for the settlement of claims under old insurance policies.

Over the next 12 months these will be handled by HS Weavers (Underwriting) Agencies, the LUI subsidiary which was previously the largest writer of US liability insurance in the London market.

Mr Colin Bird and Mr Alan Barrett of Price Waterhouse, the joint administrators, said yesterday that they had arranged a plan to handle the first phase of the run-off of old business.

This will secure the continued employment of 122 of Weavers' 173 employees. Redundancy notices have already been issued to the other 51.

At the same time the administrators announced the appointment of Sir Denis Marshall, a past president of the Law Society, as the new chairman of Weavers. He will replace Mr Ronnie Driver who has resigned.

According to Price Waterhouse, Mr Peter Wilson, previously LUI chief executive, has given up all his executive responsibilities and has been retained as a consultant by Weavers to help in the run-off.

Sir Ian Morrow replaces Mr Driver as chairman of Walbrook Insurance Company, the other principal LUI subsidiary. He is a director of Hambros and in the past was appointed by Lloyd's of London, the insurance market, to administer the affairs of the syndicates and member agencies formerly managed by the PCW/Richard Beckett Underwriting agencies.

M&G interim profits show 43% advance

By Nikki Tait

M&G GROUP, Britain's largest unit trust fund management company, yesterday unveiled a 42.8 per cent rise in pre-tax profits at £17.6m in the six months to end-March. This compared with £12.3m in the same period a year earlier.

With the tax charge virtually unchanged at 31.9 per cent, the advance translated into a 45 per cent improvement in earnings per share, at 16p (11.07p).

M&G, moreover, announced a hefty increase in its interim dividend at 7.5p a share. This compares with 4.5p at the same stage last time, but the company said that part of the rise was an attempt to reduce disparity. It also forecast a final dividend of not less than 9p a share, making a total for the year of at least 16.5p (12.5p).

Explaining the dividend policy, Mr Tony Shearer, finance director, said that the company persistently wrote to companies in which it was invested, suggesting that levels of dividend cover generally were too high.

During the first half, M&G's unit trust sales totalled £309m while redemptions reached £233m. This left net sales at £76m, down on the £98m achieved in the first half of 1988/9, although the company said that it was a net seller in all months. Total unit trust funds under management were £4.5bn at end-March, slightly down on the £4.68bn seen in September, although the group broadly maintained its market share.

Sales of both life assurance and pension products was "encouraging", with sales of single premium business amounting to £103.8m (£68.7m).

Revenues totalled £26.3m (£18.8m) in the first half, with management charges remaining largely static. Marketing and commissions expenditure was £6.46m (£5.02m), while administration costs rose from £6.09m to £8.1m.

COMMENT

M & G's shares reacted strongly to yesterday's profit figures, rising 16p to 445p. Quite why was a matter of divided opinions. Some analysts suggested that the dividend forecast explained much of the greeting; others that it was the combination of the recent market rally and healthy interims in a relatively difficult period for the industry. However, for all the enthusiasm, full-year forecasts were only subject to small upward revisions at best, and the consensus now seems to settle at around the £35m-£36m level. This gives a prospective multiple of 13-14 times, which is clearly a significant premium to the sector. Given that M & G has demonstrated the quality of its earnings during past doldrums, that rating may be justified. However, it can only look seductive to raging stock-market bulls or anyone who believes that the market will suddenly develop a more sophisticated appreciation of the life business' worth.

BP possible debt upgrading

Moody's Investors Service, the US credit rating agency, yesterday placed the long-term debt rating of British Petroleum and its subsidiaries under review for a possible upgrading.

BP's current long-term senior debt rating is A1, in line with that of Texaco and Atlantic Richfield. BP's short-term debt is already rated P1, the highest level.

Maxwell New York ADRs

By Andrew Bolger

MAXWELL Communication Corporation, the British publishing group, has established an American Depositary Receipt facility with the Bank of New York. The issue will trade on the over-the-counter market, with each ADR representing five ordinary Maxwell Communications shares.

Mr Robert Maxwell, chairman, said: "The trading of Maxwell Communications shares as ADRs in New York will make it easier for US investors to participate in the growth of our fast expanding global communications and information business."

Now that we have disposed of our printing businesses we have become a pure publishing enterprise, with over 80 per cent of our operating assets in North America, where we expect to achieve over 80 per cent of our operating profits," he added.

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THORN EMI:
STRONG INTERNATIONAL PERFORMANCE
AND PROFIT GROWTH

☐ Profit before finance charges UP 14.2% to £365.3m

☐ Pre-tax profit UP 9.8% to £317.5m

☐ International profit UP to 61% of total at £222.8m

☐ Earnings per share UP 10.3% to 70.8p

☐ Dividend UP 11.1% to 30.0p

☐ EMI MUSIC – profits more than doubled to nearly £92m. Organic growth around 50%. Strong worldwide performance: highest-ever profits from Continental Europe; sustained profit improvement in North America; results from Toshiba-EMI outstanding

☐ RENTAL and RETAIL – overall 11.4% profit growth at £178m. Rent-A-Center profits up by over a third. UK and International Rentals maintain satisfactory profit performance. A good year for HMV

☐ LIGHTING – record turnover with two-thirds generated internationally. Fittings business buoyant in most European territories and in Asia Pacific. Profits subdued by pressures on light sources in the UK

☐ TECHNOLOGY – overall profit increases to £53.8m. Electronics and Security both perform strongly; results at Software held back by reorganisation costs

In his Statement to Shareholders for the year to 31 March 1990, Colin Southgate, Chairman and Chief Executive, comments:

"1989/90 was a year of international achievement for THORN EMI. An important feature of our strong results was the substantial 61% international contribution to total profit — over half for the first time in the Company's history. This is a direct measure of the success of our strategy to build global businesses.

"Our profit before finance charges from continuing operations increased by 20.3%, including the benefit of exchange rates. Excluding the effect of acquisitions, the underlying growth rate was a healthy 13%. Interest expense was covered more than seven times by pre-interest profit. The Group's financial position remains very robust overall, leaving us well placed to deal with the changing economic picture.

Changing Economic Environment

"A more uncertain world economy is arising from the changes — some quite profound — which are taking place. We have to recognise the force of these changes on our businesses... they have become particularly apparent in lighting, where the entire industry is in a pre-global stage of development. With further consolidation inevitable... we have entered discussions with GTE, one of the USA's leading international lighting companies. These could lead to the transfer of ownership of our Lighting company to GTE, creating a truly world-scale organisation with a commitment to global growth in lighting.

The Way Forward

"The year's results, like those of the previous four, have been achieved by adhering to a clear corporate strategy... based on dealing with competitive realities and concentrating on fundamental priorities.

"Our strategy will not change... we will be pursuing our global intent with even greater vigour in the 1990s, determined that all our businesses achieve global scale in the markets they are in... This demands creativity and flexibility... being prepared to consider different approaches for different businesses – identifying and taking advantage of those opportunities which best ensure their global position.

"There is no single or simple solution. Each of our businesses demands an individual and imaginative approach. Enabling them to realise their full potential is our overriding priority for 1990 and the years ahead."

THORN EMI

A BUSINESS STYLE THAT WORKS ON A WORLD SCALE

THORN EMI plc, 4 Tenterden Street, Hanover Square, London W1A 2AY.

THIS ANNOUNCEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, please consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised pursuant to the Financial Services Act 1986 immediately.

TENDER OFFER

by

S.G. Warburg & Co. Ltd.

on behalf of

LVMH Moët Hennessy Louis Vuitton

to purchase up to 59,446,392 ordinary shares of 25p each in

GUINNESS PLC

at up to 825p per ordinary share

Further copies of this document and the annexed Form of Tender (upon the terms of which alone tenders will be accepted) may be obtained on request from Barclays Bank PLC, New Issues, S.G. Warburg & Co. Ltd. and S.G. Warburg Securities at the addresses set out in the annexed Form of Tender.

S.G. WARBURG & CO. LTD.

2 Finsbury Avenue,
London EC2M 2PA

1st June, 1990

To the holders of ordinary shares of 25p each in Guinness PLC ("Guinness")

Dear Sir or Madam,

Tender Offer (the "Tender Offer") on behalf of LVMH Moët Hennessy Louis Vuitton ("LVMH") for up to 59,446,392 ordinary shares of 25p each in Guinness ("Guinness ordinary shares").

On behalf of LVMH, we hereby offer to acquire by tender, on the terms and subject to the condition set out below, up to 59,446,392 Guinness ordinary shares, representing approximately 6.8 per cent. of the present issued ordinary share capital of Guinness.

LVMH currently owns 151,583,890 Guinness ordinary shares, representing approximately 17.3 per cent. of Guinness' present issued ordinary share capital. These shares include 42,803,608 Guinness ordinary shares, representing approximately 4.9 per cent. of Guinness' present issued ordinary share capital, which LVMH announced yesterday that it had agreed to acquire off-market.

Under arrangements with Guinness originally established in 1988, LVMH is permitted to increase its effective percentage interest in Guinness to a level corresponding with Guinness' effective percentage interest in LVMH which is currently approximately 25.1 per cent. (approximately 24.1 per cent. on a fully diluted basis). Within the framework of the agreement with Guinness, LVMH is now tendering for such number of Guinness ordinary shares as, together with the shares whose acquisition was announced yesterday, will bring its percentage interest in the present issued ordinary share capital of Guinness to approximately 24.0 per cent.

In order to ensure that LVMH's effective percentage interest in the present issued ordinary share capital of Guinness could be increased to at least 22.4 per cent., LVMH has entered into the overwriting arrangements referred to below, under which it is entitled to acquire additional Guinness ordinary shares if it does not acquire sufficient shares under the Tender Offer. Accordingly, as a result of the overwriting arrangements, LVMH will be entitled, following the Tender Offer, to hold a minimum of 196,632,815 Guinness ordinary shares and a maximum of 211,030,282 Guinness ordinary shares, representing approximately 22.4 and 24.0 per cent. respectively of Guinness' present issued ordinary share capital.

Terms of the Tender Offer

1. Shares may be tendered under the Tender Offer at any price (expressed in whole pence per share) up to a maximum price of 825p.

2. If tenders totalling less than 9,000,000 Guinness ordinary shares are received, the Tender Offer shall be void.

3. Subject to paragraph 2 above, all tenders will be irrevocable.

4. *The Tender Offer will close at 3.00 p.m. on Friday, 8th June, 1990* ("the closing date") and no tenders received after that time will be accepted.

5. Guinness ordinary shares successfully tendered will be acquired by LVMH free from all liens, charges and encumbrances and with all rights now or hereafter attaching thereto, including the right to receive all dividends and other distributions declared, made or paid after the date hereof and the right to attend and vote at any General Meeting of Guinness after 8th June, 1990.

6. The price which will be payable for Guinness ordinary shares successfully tendered under the Tender Offer (the "striking price") will be:

(a) if the number of shares successfully tendered is more than 59,446,392, the lowest price at which the number of shares being offered for under the Tender Offer can be acquired; or

(b) if the number of shares successfully tendered is 59,446,392 or less, the maximum price of 825p per share.

All shareholders who tender at or below the striking price will receive the striking price. If necessary, tenders made at the striking price will be scaled down pro rata, in which case fractions will be ignored.

No shares tendered above the striking price will be accepted. Shareholders wishing to sell their shares under the Tender Offer should be aware that the striking price could be below the maximum price.

7. All tenders must be made on the form of tender which forms part of this document (the "Form of Tender"), duly completed in accordance with the instructions therein, which (together with the notes therein) constitute part of the terms of the Tender Offer.

8. The Tender Offer shall be governed by, and construed in accordance with, English law and delivery of a Form of Tender shall constitute submission to the jurisdiction of the English Courts.

9. As the Guinness ordinary shares are listed on the Paris Bourse, an offer to acquire by tender up to 59,446,392 Guinness ordinary shares at a maximum price of 825p per share and otherwise on substantially the same terms as the Tender Offer, is being made in France (the "French Offer"). Any shares tendered under the French Offer will be treated, for the purposes of paragraphs 2 and 6 of the Terms of the Tender Offer, as having been tendered under the Tender Offer. Accordingly, the total number of Guinness ordinary shares which may be acquired under the Tender Offer and the French Offer is 59,446,392. Shares may only be tendered under either the Tender Offer or the French Offer.

10. No person receiving a copy of this document and/or any Form of Tender in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him nor should he in any event use such Form of Tender, unless in the relevant territory such an invitation and offer could lawfully be made to him without compliance with any unfulfilled filing, registration or other legal requirements. It is the responsibility of any person outside the UK or subject to the laws of any overseas jurisdiction, who receives a copy of this document and/or a Form of Tender and who wishes to tender hereunder, to satisfy himself (by taking legal advice or in other appropriate manner) as to full observance of the laws of the relevant territory and, if different, the territory of which he or the beneficial owner of the Guinness ordinary shares tendered is a national or resident in connection therewith, including the obtaining of any governmental or other consents and compliance with any other necessary formalities. In tendering, the person doing so warrants and represents to S.G. Warburg & Co. Ltd. ("Warburgs") and LVMH that the relevant offer or invitation may lawfully be made to him and that he has taken appropriate steps to satisfy himself as aforesaid provided that if LVMH in its absolute discretion (based upon legal advice or otherwise) determines that in any particular case or cases such warranty and representation cannot be or should not have been made then the relevant tender shall be void and the person making the tender shall have no claim whatsoever against Warburgs or LVMH. No steps have been taken to qualify the Tender Offer or to authorise the distribution of the Tender Offer document or Form of Tender in any territory outside the United Kingdom. Nothing in this paragraph 10 shall affect the ability of the persons to whom the French Offer is addressed to accept the French Offer.

The Tender Offer is not being made to U.S. persons, as explained more fully below. Accordingly, any person tendering pursuant to the Tender Offer warrants and represents to Warburgs and LVMH by the act of tendering:

(a) that he is not a U.S. person and that he is not acting in any capacity on behalf of a U.S. person in tendering; and

(b) that neither he nor any person on whose behalf he is acting in tendering has directly or indirectly used any instrumentality or facility of inter-state or foreign commerce of the U.S.A., including without limitation any postal or telecommunication facility or any facility of a securities exchange or member firm of a securities exchange.

The Tender Offer is not utilising any instrumentality or facility of inter-state or foreign commerce of the U.S.A., including without limitation any postal or telecommunication facility or any facility of a U.S. securities exchange or member firm of a U.S. securities exchange. Accordingly, copies of this document, the Form of Tender and any related offering documents are not to be made available in, or transmitted by any means whatever to, the U.S.A. or to any U.S. person or to anyone acting on behalf of a U.S. person in tendering, nor is any facility or instrumentality of inter-state or foreign commerce of the U.S.A. to be used to transmit any of such documents. Persons receiving any such documents must observe the prohibitions of the preceding sentence.

Any Form of Tender:

(a) enclosed in a postal wrapper that indicates in any manner (such as by postmark) that it was transmitted from the U.S.A., or otherwise appears to Warburgs or LVMH to have been sent from the U.S.A.; or

(b) designating a U.S. address as the place to which cash should be remitted or to which Forms of Tender, Guinness share certificates and/or other documents of title should be sent or returned; or

(c) received from a person having a registered address in the U.S.A. who does not designate a non-U.S. person or agent to receive any cash to be remitted or documents to be sent or returned in connection with the Tender Offer; or

(d) received from a person who designates a U.S. person or agent to receive any cash to be remitted or documents to be sent or returned in connection with the Tender Offer,

will not be considered as a valid acceptance of the Tender Offer. Delivery of Guinness ADRs likewise will not be considered as a valid tender under the Tender Offer.

For the purposes of this paragraph 10, "U.S. person" means a citizen or resident of the U.S.A., a corporation, partnership or other entity created or organised in or under the laws of the U.S.A., or an estate or trust the income of which is subject to United States Federal income taxation regardless of the source; provided, however, that the term "U.S. person" does not include a branch or agency of a United States bank or insurance company that is operating outside the U.S.A. for valid business reasons as a locally regulated branch or agency engaged in the banking or insurance business and not solely for the purpose of investing in securities not registered under the United States Securities Act of 1933, as amended, and not solely for the purpose of participating in the Tender Offer; and "U.S.A." or "United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

Summary of the overwriting arrangements

LVMH has entered into an agreement with Warburgs by which Warburgs has overwritten the Tender Offer in respect of 45,048,925 Guinness ordinary shares, representing approximately 5.1 per cent. of the present issued ordinary share capital of Guinness. Warburgs will receive a fee of 1¼ per cent. of the value (taken at the maximum price of 825p per share) of the Guinness ordinary shares overwritten by it, out of which it will pay fees to sub-overwriters. The overwriting of 45,048,925 Guinness ordinary shares, taken together with the Guinness ordinary shares whose acquisition was announced yesterday, is slightly below the maximum interest in Guinness which LVMH was entitled to acquire under the Substantial Acquisition Rules immediately prior to the Tender Offer.

Under the overwriting arrangements, LVMH will be entitled, during the two business days following the announcement of the result of the Tender Offer, to require Warburgs to procure the sale of, failing which itself to sell, up to such number of Guinness ordinary shares as LVMH may require to increase its interest in the present issued ordinary share capital of Guinness to approximately 24.0 per cent. (the maximum level that will be achieved if the Tender Offer is successfully completed in full), or such lower level as may be achieved by exercising the overwriting in full.

Summary of the agreement with Guinness

In July 1988, agreement was reached with Guinness regarding the establishment of a jointly-owned company, Jacques Rober, which is now owned as to 55 per cent. by Christian Dior and as to 45 per cent. by Guinness, and which holds approximately 46.3 per cent. of LVMH's present issued ordinary share capital. The arrangements with Guinness permit LVMH to increase its effective percentage interest in the fully diluted ordinary share capital of Guinness to the same level as the effective percentage interest in the fully diluted ordinary share capital of LVMH held, directly and indirectly, by Guinness. This now totals approximately 24.1 per cent., taking into account Guinness' interest in Christian Dior.

As part of the original arrangements with Guinness, Guinness issued new Guinness ordinary shares to LVMH representing approximately 10 per cent. of Guinness' ordinary share capital as enlarged by that issue. As a result of subsequent market purchases and the further purchases announced yesterday (but before LVMH's interest under the overwriting arrangements is taken into account) LVMH's present interest in Guinness represents approximately 17.3 per cent. of the present issued ordinary share capital.

Future intentions of LVMH

LVMH regards its interest in the share capital of Guinness as a long-term strategic investment and, as contemplated by the terms of the existing agreement with Guinness, LVMH is increasing its interest in the ordinary share capital of Guinness.

LVMH has no intention of seeking to increase its interest in Guinness beyond the maximum level permitted under the agreement with Guinness, currently 24.1 per cent. of the fully diluted ordinary share capital.

Procedure for tendering

Forms of Tender, duly completed, should be returned, together with the relevant share certificate(s) and/or other document(s) of title for Guinness ordinary shares, or, at the discretion of Warburgs and LVMH, an indemnity in lieu thereof, to Barclays Bank PLC, New Issues, at the address set out in the Form of Tender as soon as possible but in any event so as to arrive not later than 3.00 p.m. on Friday, 8th June, 1990. If some, but not all, of the shares represented by a certificate delivered with a Form of Tender are sold pursuant to the Tender Offer, the relevant shareholders will be entitled to receive from Guinness a certificate for the unsold shares.

Notwithstanding that no share certificate(s) is/are delivered in respect of it, a duly completed Form of Tender: (i) executed under seal by Sepon Limited and endorsed on behalf of The Stock Exchange to the effect that the Guinness ordinary shares to which it refers are the whole or part of a holding registered in the name of Sepon Limited and/or are Guinness ordinary shares to which Sepon Limited is unconditionally entitled immediately to become the registered holder; or (ii) executed by any other person(s) and endorsed on behalf of The Stock Exchange to the effect that such person(s) is/are unconditionally entitled immediately to become the registered holder(s) of the Guinness ordinary shares to which it refers and that one or more Talisman Transfer(s) in favour of such person(s) in respect thereof is/are in the course of registration, shall be treated by Warburgs and LVMH as valid in all respects on the date of its actual receipt provided that, on presentation to the Registrar of Guinness for registration, the instrument of transfer executed pursuant thereto is unconditionally accepted for registration.

Settlement

1. The result of the Tender Offer, the striking price and (if applicable) the basis of scaling down tenders will be announced by 8.30 a.m. on Monday, 11th June, 1990, the business day next following the closing date.

2. Town clearing cheques will be despatched by Barclays Bank PLC, New Issues, not later than 12 business days following the closing date to holders of Guinness ordinary shares whose tenders, valid and complete in all respects, are received before the Tender Offer closes in respect of the number of Guinness ordinary shares accepted under the Tender Offer.

3. All documents and remittances sent by or to holders of Guinness ordinary shares will be sent at their own risk and no acknowledgement of receipt of such documents and remittances will be sent. If the Tender Offer is void, Forms of Tender, certificates and/or other documents of title will be returned on or before 22nd June, 1990.

Taxation

The disposal of Guinness ordinary shares pursuant to the Tender Offer by a shareholder resident in the United Kingdom will, under the taxation law presently in force, constitute a disposal or part disposal for the purposes of United Kingdom taxation on capital gains and may give rise to a liability to taxation. Any shareholder who is in doubt as to his tax position should consult his own professional adviser.

Yours faithfully,
for S.G. WARBURG & CO. LTD.
PIERS VON SIMSON
Director

Appendix

1. LVMH is a Société Anonyme incorporated in France whose main place of business is 30 Avenue Hoche, 75008 Paris, France.

2. Warburgs and members of the S.G. Warburg Group may have a position in Guinness ordinary shares and related investments. Warburgs, which is a member of The Securities Association, is acting as financial adviser to LVMH.

Unless the context otherwise requires, expressions defined in the Tender Offer document dated 1st June, 1990 from S.G. Warburg & Co. Ltd. bear the same meanings in this Form.

FORM OF TENDER

for the sale of

Guinness ordinary shares

ACTION TO BE TAKEN

If you wish to tender all of your Guinness ordinary shares at the maximum price, follow the instructions under "AND THEN" below.

If you wish to tender less than all of your Guinness ordinary shares, you should insert in Box 1 the number of Guinness ordinary shares which you wish to tender.

If you wish to tender at less than the maximum price, you should insert in Box 2 the price, in whole pence per share, at which you wish to tender your Guinness ordinary shares.

If you wish to tender part of your holding of Guinness ordinary shares at one price per share, and another part of your holding at a different price per share, you must submit separate Forms of Tender for each price at which you wish to tender Guinness ordinary shares.

AND THEN

Sign the Form below and send it, together with your share certificate(s) and/or other document(s) of title for not less than the total number of Guinness ordinary shares tendered, to Barclays Bank PLC, New Issues, P.O. Box 123, Fleetway House, 25 Farringdon Street, London EC4A 4HD as soon as possible but in any event so as to arrive not later than 3.00 p.m. on Friday, 8th June, 1990.

NOTE

If you have lost any of your certificates and/or other documents of title, you should follow the procedure in Note D below. If you are a holder of Guinness ordinary shares arising on exercise of conversion rights attaching to the 5¼ per cent. convertible cumulative redeemable preference shares of £1 each in Guinness and have not received a share certificate in respect of such Guinness ordinary shares, you should obtain from the Registrar of Guinness certification that you are the holder of the number of shares tendered and lodge the certification and this Form with Barclays Bank PLC, New Issues. Your attention is also drawn to the additional Notes below.

To: Warburgs and LVMH.

(1) I/We, the undersigned, have received the Tender Offer document dated 1st June, 1990 (the "Tender Offer document") from Warburgs offering on behalf of LVMH to acquire by way of tender up to 59,446,392 Guinness ordinary shares. I/We hereby irrevocably tender to Warburgs on the terms set out in the Tender Offer document:

Box 1

INSERT HERE NUMBER OF GUINNESS ORDINARY SHARES WHICH YOU WISH TO TENDER

Note
If Box 1 is left blank, and this Form is signed, you will be deemed to have tendered the entire holding represented by the certificate(s) enclosed with your Form of Tender.

Guinness ordinary shares held by me/us, or such smaller number as may result from scaling down in accordance with the provisions of the Tender Offer document,

Box 2

INSERT HERE PRICE IN WHOLE PENCE PER SHARE AT WHICH YOU WISH TO TENDER THE GUINNESS ORDINARY SHARES SPECIFIED IN BOX 1

p

Note
If Box 2 is left blank, and this Form is signed, you will be deemed to have *tendered at the maximum price of 825p* per Guinness ordinary share.

at the price per Guinness ordinary share set out in Box 2 (or, if Box 2 is left blank, 825p per share), or such higher price as may be payable in accordance with the terms of the Tender Offer, for settlement in cash.

(2) I/We enclose the share certificate(s) and/or other document(s) of title in respect of not less than the number of Guinness ordinary shares tendered hereby.

(3) My/Our execution of this Form shall constitute (i) my/our irrevocable acceptance of the Tender Offer on behalf of LVMH, contained in and on the terms of the Tender Offer document, in respect of the number of Guinness ordinary shares set out or deemed to be set out above (or such smaller number as may result from scaling down in accordance with the provisions of the Tender Offer document); (ii) an irrevocable appointment (by way of security for my/our contractual obligations hereunder) of each of LVMH and any Director of Warburgs as my/our attorney to complete and execute on my/our behalf and in my/our name(s) one or more instruments of transfer in favour of LVMH of the Guinness ordinary shares in respect of which I/we have accepted or shall be deemed to have accepted the Tender Offer (or such smaller number as may result from scaling down in accordance with the provisions of the Tender Offer document) and on my/our behalf to execute any further documents and to do any other acts as may be necessary or expedient to give effect to any such transfer; (iii) my/our irrevocable authority and request to LVMH or its agents to send by post at my/our risk to the person or agent whose name and address is set out below or, if none is set out, to the first-named holder at his/her registered address, a cheque for the cash consideration due to me/us; and (iv) my/our acknowledgement and acceptance of the obligations incurred by me/us under paragraph 10 of the terms of the Tender Offer set forth in the Tender Offer document.

(4) Subject to the Tender Offer becoming unconditional, my/our execution of this Form shall constitute an irrevocable appointment (by way of security for my/our contractual obligations hereunder) of each of LVMH and any Director of Warburgs as my/our attorney: (i) to execute any form of proxy in respect of the number of Guinness ordinary shares which are purchased by LVMH from me/us hereunder, and (ii) if a corporation, to appoint any person nominated by LVMH to attend at and to vote for me/us and on my/our behalf in such manner as he thinks fit or to abstain from voting at any General Meeting of Guinness (and at any adjournment of any such meeting) pending the registration of the transfer in respect of such Guinness ordinary shares.

Please insert below in BLOCK CAPITALS the name and address of the person or agent to whom you wish any cheque and/or document of title to be sent.

Name .... Address ....

For Office Use Only
1. Tender No.
2. Ord. Tendered
3. Price Accepted
4. Shares Accepted
5. Balance
6. Cash £
7. Cheque No.

NOTES REGARDING THE COMPLETION AND LODGING OF THIS FORM

The following notes should be read carefully. In order to be valid, the Form of Tender must be correctly completed in all respects and received by Barclays Bank PLC, New Issues, P.O. Box 123, Fleetway House, 25 Farringdon Street, London EC4A 4HD by 3.00 p.m. on Friday, 8th June 1990, together with the share certificate(s) and/or other document(s) of title and, where appropriate, death certificate, probate, letters of administration, marriage certificate and/or deed poll. Tenders submitted on a photocopy of this Form of Tender will not be accepted. Warburgs and LVMH reserve the right to accept a Form of Tender accompanied by an acceptable indemnity in lieu of a share certificate and/or other documents of title. TENDERS NOT VALID IN ALL RESPECTS WILL BE DISREGARDED.

In order to be valid this Form must, except as mentioned below, be signed personally by the registered holder or, in the case of a joint holding, by ALL the registered holders. A body corporate must execute this Form under seal, the seal being affixed and witnessed in accordance with its Articles of Association or other regulations.

The following suggestions are made to avoid delay and inconvenience:—

A If a holder is away from home (e.g. abroad or on holiday):—
Send this Form by the quickest means (e.g. air mail) to the holder for execution or, if he has executed a power of attorney, have this Form signed by the attorney. In the latter case the power of attorney (or a duly certified copy, as provided in the Powers of Attorney Act 1971) must be lodged with this Form for noting. No other signatures will be accepted.

B If the sole holder has died:—
If probate or letters of administration has/have been registered with Guinness, this Form must be signed by the personal representative(s) of the deceased.
If probate or letters of administration has/have been granted but has/have not been registered with Guinness, the personal representative(s) should sign this Form and forward it to Barclays Bank PLC, New Issues, at the address given below with the share certificate(s) and with a copy of the probate or letters of administration as soon as possible.

C If one or more of the joint holders has died:—
This Form is valid if signed by all the surviving holders and lodged with Barclays Bank PLC, New Issues, at the address given below, accompanied by the death certificate, probate or letters of administration of the deceased holder.

D If one or all of your share certificate(s) and/or other documents of title has/have been lost or is/are not readily available:—
Complete and lodge this Form with a letter of explanation and any share certificate(s) and/or other documents of title available with Barclays Bank PLC, New Issues, at the address given below. At the same time you should write to the Registrar of Guinness, Ian Brockie, FCIS, 33 Ellersly Road, Edinburgh EH12 6JW, for a letter of indemnity which should be completed in accordance with the instructions given. When completed, the letter of indemnity must be lodged with Barclays Bank PLC, New Issues, at the address given below by 3.00 p.m. on 8th June, 1990. Indemnities will only be accepted at the discretion of Warburgs and LVMH. No payment will be made under the terms of the Tender Offer unless share certificate(s) and/or other document(s) of title, or an acceptable indemnity in lieu thereof, is/are received by the due date.

E If your name or other particulars are shown incorrectly on the certificate, e.g.:—
(i) incorrect name.
name on certificate .... James Smith
correct name .... James John Smythe
Complete and lodge this Form with the correct name and accompanied by a letter from your bank, stockbroker or solicitor confirming that the person described on the certificate and the person who has signed this Form are one and the same.
(ii) incorrect address.
Write the correct address on this Form.
(iii) change of name.
Lodge your marriage certificate or the deed poll with this Form for noting.

Further copies of this Form are available from:—

Barclays Bank PLC, New Issues,
P.O. Box 123, Fleetway House,
25 Farringdon Street, London EC4A 4HD.
Tel: 071-489 1995

S.G. Warburg & Co. Ltd.,
2 Finsbury Avenue,
London EC2M 2PA.
Tel 071 860 1090

S.G. Warburg Securities,
1 Finsbury Avenue,
London EC2M 2PA
Tel 071 606 1066

Signed, sealed and delivered by the undermentioned shareholder(s):—

PLEASE SIGN HERE

(1) Sole or First Holder:
Usual signature .... (SEAL)
Surname ....
(State whether Mr., Mrs., Miss or Title)
Forename(s) ....
(in full)
Address ....
(in full)
....
Postcode ....

(2) Second Holder (if any):
Usual signature .... (SEAL)
Surname ....
(State whether Mr., Mrs., Miss or Title)
Forename(s) ....
(in full)

(3) Third Holder (if any):
Usual signature (SEAL)
Surname
(State whether Mr., Mrs., Miss or Title)
Forename(s)
(in full)

(4) Fourth Holder (if any):
Usual signature (SEAL)
Surname
(State whether Mr., Mrs., Miss or Title)
Forename(s)
(in full)

In the case of joint holders ALL must sign. A corporation must execute under seal.

Strong all-round progress behind Brown Shipley leap

By David Barchard

BROWN SHIPLEY, the City of London merchant banking and financial services group, yesterday reported a sharp improvement in its pre-tax profits for 1989-90, with its three main divisions all performing strongly.

Pre-tax profits leapt from £1.73m to £7.5m in the financial year ended March 31. Interest payments rose by £0.71m to £4.5m as a result of higher interest rates. Tax charge was £1.99m (£201,000) and earnings per share were up from 7.8p to 32.5p.

Mr John van Kuffeler, chief executive, said the group was very pleased with the results which reflected the success of the restructuring of Brown Shipley, including the sale of two subsidiaries, Trinity BankDublin and Medons Trust, its consumer finance arm, in 1988 and the cutting of 126 jobs.

The group's balance sheet has grown from £813m a year ago to £919m, while its loans portfolio rose to £331m (£285m). Leasing business grew to £144m (£113m).

The group's insurance broking division reported profits of £4.8m (£3.4m). Merchant bank profits rose from £5.6m to £6.3m. The investment management division reported a profit of £851,000 compared with a loss of £2.25m in 1988.

A final dividend of 7.5p (6.5p) was declared bringing the total dividend for the year to 12p (10.5p).

● COMMENT

After two or three troubled years, when the independence of the group seemed to be in growing doubt, Brown Shipley has bounced back impressively. The sacrifices made in 1988 have paid off. Some of the success can be attributed to finding and exploiting niches in the market: the insurance broking figures for instance reflect Brown Shipley's success in finding customers in the school fees insurance and personal accident protection markets. To have been able to come through with an improved performance on all three divisions is also encouraging, though it is noticeable that most of the group's profits are still generated by its insurance broking and merchant banking activities. How much further Brown Shipley will be able to press its recovery during the present year remains to be seen, but the group has at least clearly shaken its troubles off.

Amersham revises its purchase price for Medi-Physics

AMERSHAM International, the healthcare and life science group, has lopped $15.15m (£9m) off the consideration for Medi-Physics in a revised agreement with its owner, Hoffmann-La Roche.

The previously agreed consideration for Roche's radiopharmaceuticals subsidiary was $61m and was approved by Amersham shareholders.

However the purchase price has been revised for two reasons:

- The research reactor at Tuxedo, New York, operated by the Medi-Physics subsidiary Cintichem and part of the acquisition, has been closed and is to be decommissioned;
- The US Federal Trade Commission would not grant clearance for the acquisition if Amersham retained Spectamine, a brain-imaging product owned by Medi-Physics.

The new agreement specifically excludes Spectamine, which is to be sold to an independent third party in North America.

The revised consideration comprises a basic payment of $30m together with performance-related tranches not exceeding an aggregate net present value (at completion) of $15.85m.

Capita to purchase Greatorex for £9m

By David Owen

CAPITA GROUP, the USM-quoted provider of management services primarily to the public sector, has reached a conditional agreement to acquire JE Greatorex (JEG), a practice of consulting engineers, for a maximum £9m.

Capita expects the purchase to increase the proportion of its income derived from the health sector. This accounts for about 30 per cent of JEG's business.

Under the terms of the deal, an initial £5m is payable on completion, with the balance tied to average pre-tax profit performance over the three years to May 31 1993.

A total of 3.16m new Capita shares will be issued to fund the initial payment. Of these, £1m-worth at a unit price of 168p will be retained by the vendors, who have undertaken to hold the shares for at least 18 months.

The remaining £4m will be raised via a vendor placing, with Capita's existing shareholders offered the new equity on the basis of one share at 156p per 3.425 held on May 18 1990.

Prior to the deal, some 8.8m Capita shares were in issue. In 1989, JEG reported pre-tax profits of £1.05m.

The maximum profit-related consideration will be payable if the company achieves 95 per cent growth in profits in the next three years.

Philips Electronics sale to Inter Forward

By Michael Skapinker

PHILIPS Electronics in the UK plans to sell its distribution company to Inter Forward of Sweden.

The Philips company, London Carriers International, operates a distribution service for the bulk of the UK group and related companies.

Philips has decided, however, that it no longer requires its own distribution arm. The group said that it hoped to conclude an agreement with Inter Forward by the end of July. It would not say what price it was asking for the company.

Philips stated that staff and unions of London Carriers International had signalled their approval of the sale. The distribution company will continue to maintain a close relationship with Philips.

London Carriers International has an annual turnover of about £35m and a staff of 1,100. Inter Forward, which has an annual turnover of about £550m, is owned by Ratos, a Swedish holding company which is quoted on the Stockholm stock exchange. Inter Forward already owns two forwarding companies in the UK, Norfreight and Zust & Bachmeier.

BHH unchanged in 'difficult conditions'

BHH Group, the property investor and developer where management buy-out talks were terminated last week, reported virtually static pre-tax profits of £7.4m for 1989 against £7.3m previously and an unchanged net asset value of 120p per share.

Mr David Fitzgerald, executive chairman, said difficult trading conditions in 1989 had continued into 1990.

Turnover amounted to £51.44m. The 1988 figure of £62.6m included £24.17m from discontinued activities.

A final dividend of 2p (2.75p) is proposed, for an unchanged 4p total. Earnings per share fell to 3.76p (13.48p) after minorities took £5.07m (nil).

A new stock with many strengths on paper

Maggie Urry on the prospects for BAT's recently demerged papermaking arm

DEALINGS start today in the shares of Wiggins Teape Appleton (WTA), the paper group which has been demerged from BAT Industries. Although it is likely to have a market value of nearly £1bn, it is arriving on the stockmarket with relatively little razzamatazz.

Its shareholders are BAT holders who have been presented with "free" shares, on a one-for-three basis. Thus the new company will start life on the stockmarket with a list of shareholders who have not made a conscious effort to invest. Unless they have waded through the listing particulars published last month, they may know little about WTA, which represented only a small part of BAT.

There is likely to be a two-way pull on the shares in early dealings. On the one hand, some shareholders may be immediate sellers – for a start holders of BAT's American Depositary Receipts will have their WTA shares sold on their behalf. Shareholders with small holdings in WTA or those who do not want an investment in a paper group may also be early sellers.

On the other hand, there could be interest from buyers attracted by WTA's acknowledged strengths and the thought that the current frenetic takeover activity in the pulp and paper industry worldwide may buoy WTA's rating.

Analysts have generally picked 200p as a round number for WTA's opening share price. This may prove too low for the company to be included in the FT-SE 100 share index when the list is reviewed later this month, but even so it would make WTA a sizeable company for investing institutions to look at. Further, it is one of few UK quoted companies in the paper sector, particularly since the recent takeovers of UK Paper, the fine paper maker, and Robert Horne, the paper merchant.

This shortage of rivals on the UK stockmarket simultaneously makes comparisons difficult and gives WTA scarcity value. However, fund managers with more than a few years' experience will remember the losses they have suffered by investing in paper companies when the notoriously volatile paper cycle turns down, as it is now doing.

Wiggins Teape, the European part of WTA which has been merged with Appleton of North America, was itself hardly profitable in the industry downturn of the early 1980s. In recent months many pulp and paper companies elsewhere in the world have reported sharp declines in profits as falling prices and overcapacity have slashed margins.

But there has been a significant shift in WTA's operations during the 1980s, which should make it far less vulnerable to the swings of the pulp and paper cycle, and as such its shares ought to command a premium to its foreign rivals. Although analysts are predicting a fall in pre-tax profits in 1990 – from £173.5m in 1989 to around £165m – this is a blip compared with some of the drops in profits being seen.

At 200p the shares would be on an historic p/e of 9.1, and on average earnings forecasts for 1990, on a prospective multiple of about 10.2. That would put it roughly in line with the prospective multiple for industrial stocks generally, while paper companies might be expected to trade at a discount. That suggests, say analysts, that some element of takeover premium will be included in the price.

Even without that, though, WTA would deserve a premium to most other paper groups. It has restructured operations during the 1980s, buying into pulp operations when the pulp price was low, selling some of its lower grade paper businesses when the paper cycle was at a peak, and expanding its merchanting businesses before the importance of controlling distribution was widely recognised by paper groups.

So although the sharp rise in pulp prices of recent years has held back profits growth, it has not caused such a squeeze on margins that other paper companies have suffered. And though profits from the group's pulp operations – such as Soporcel, its Portuguese associate company – are likely to fall sharply in coming months, WTA should on the whole benefit from lower pulp prices.

Also, as WTA's products – such as carbonless copy paper, business stationery including its conqueror brand, and thermal paper – are at the higher value added end of the spectrum, it has mainly been able to hold or increase prices, even in tougher market conditions.

But as analysts point out, WTA has weaknesses too. Its dominant position in carbonless copy paper – it has nearly half the US market and 30 per cent of the European market – stands it in good stead.

But the rapid growth of that sector has slowed as substitution of carbonless for carbon paper has progressed. And as rivals have spotted the market opportunity, new carbonless paper machines have been built and there is now excessive capacity in the sector. This has put pressure on prices, which hit WTA's first quarter profits this year.

A large proportion of WTA's profits – perhaps two-thirds – derives from this sector. Carbonless paper is now a mature market, says SG Warburg, the stockbrokers, with margins being eroded. Meanwhile, argues Laing & Cruickshank, the securities company, WTA "has not yet made sufficient progress in developing new businesses capable of sustained growth."

Thermal paper, used in facsimile machines for example, is a fast growing sector of the paper market. But as yet it is a small contributor to WTA's profits and rivals have been quicker to jump in before WTA has been able to build up the dominant market share it has in carbonless.

This lack of a potential moneyspinner might put WTA on the predatory side of takeovers, using a premium stockmarket rating to advantage, a thought which might count against WTA if investors suspected earnings dilution would follow.

Nevertheless, WTA has a strong balance sheet with which it should be able to finance capital expenditure – always a heavy burden to paper companies because of the huge cost of building new paper machines. Promises of a progressive dividend policy, including a forecast net dividend of 8.35p for 1990, should back up the shares.

A further attraction is that around 80 per cent of profits come from outside the UK, giving protection against the economic slowdown in that market, although causing an above average tax charge of around 40 per cent.

There is always the fallback position that the worldwide trend for paper companies to merge will keep WTA's management on its toes. In the early months, though, institutions should give WTA a chance to prove itself as an independent group, barring a ludicrously generous offer.

ANALYSIS OF RESULTS

£m	1987	1988	1989
Turnover	1,399	1,452	1,586
Trading profit	193.6	196.8	200.5
Margin	*13.9%*	*13.6%*	*12.6%*
	1989	1990*	1991*
Pre-tax profit (£m)	173.5	164	170
Eps (p)	21.9	19.7	21.5
Net dividend		8.35p**	

* Average of leading stockbrokers' forecasts.
** Company's forecast.

NEWS DIGEST

Capital up despite flat ad demand

CAPITAL RADIO, the UK's largest commercial station, managed to increase its pre-tax profits 9 per cent from £6.68m to £7.26m in the six months to March 31, a period when, as anticipated, advertising demand was flat.

Turnover rose 8 per cent to £18.15m (£16.84m), though the group said that this rise was accounted for principally by Capital Group Studios, formerly Ewart Television and acquired mainly for shares in June 1989. Turnover at the radio station was up 1 per cent.

Earnings worked through at 6.9p (6.8p) per share and the interim dividend is lifted to 1.75p (1.5p).

Sir Richard Attenborough, chairman, said that Capital's listed associates, Metro Radio Group and Chiltern Radio, had traded well over the period, contributing £211,000 (£193,000) to the results. The interests in Yorkshire Radio Network, Northsound and Moray Firth had been sold, as had the group's interest in Builder Group, the publisher. This latter had resulted in an extraordinary profit of £762,000.

J Smart up to £1.8m and expects £3.7m

J Smart & Co (Contractors) yesterday announced interim pre-tax profits of £1.83m and forecast that the outcome for the whole of 1990 would be not less than £3.7m. Turnover rose from £6.45m to £7.95m.

The previous first half, to January 31 1989, made £1.79m pre-tax, including an exceptional credit of £425,000. There was no exceptional this time and the profit for the whole of 1989 was £3.14m.

This contractor, developer and concrete products maker attributed the progress achieved in the six months under review to increases in rental and investment income together with an improved return on private housing.

The interim dividend is raised to 1.95p (1.75p) on earnings per share of 11.76p (11.54p).

Scottish Investment net assets lower

Scottish Investment Trust reported net asset value per 25p share down from 197.8p to 189.7p in the six months to April 30 1990.

Gross income advanced from £8.01m to £9.22m, while net available revenue grew from £4.01m to £4.31m and earnings per share were 1.7p (1.58p). The interim dividend has been increased from 1.15p to 1.4p.

Over the period, the trust reduced its holding in equities by £19m and invested £25m in overseas bonds. Its bond positions are expected to increase further over the next few months.

Intl Comm & Data reduces losses

International Communications & Data, traded on the Third Market and formerly called Publishing Holdings, continued to incur losses in the six months to February 28 1990. The pre-tax loss for the year was £257,784 compared with £565,139, but the comparative figures have been restated.

Mr Nigel Balcombe, chairman, said that in previous years promotional expenditure incurred was matched against revenue generated by that expenditure. The directors now considered that expenditure of this nature should be charged to the profit and loss account in the period it was incurred.

The loss per share for the period was 2.12p (2.63p) and again there is no final dividend. Turnover for the year rose from £3.92m to £5.12m.

Sidlaw profits fall 12% to £2.83m

Sidlaw Group, the textiles, oil services and packaging concern,saw pre-tax profits fall 12 per cent from £3.2m to £2.83m for the half year to March 31 1990. Turnover rose 7.5 per cent to £33.05m, against £30.75m.

The directors said the company had been heavily involved in integrating its new packaging acquisitions and taking steps to make its oil-based operations more competitive. These actions had affected profits, but were now almost complete.

Packaging profits grew from £558,000 to £671,000, but oil services showed a decline to £1.5m (£1.84m) and textiles fell to £603,000 (£1.05m). Group pre-tax figures were boosted by an exceptional credit this time of £364,000 and lower interest charges of £313,000 (£440,000).

Tax took £657,000 (£1.12m) and earnings per 25p share slipped from 7.7p to 7p. The interim dividend has been maintained at 3p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interim- Brooke Tool Engineering.
Finals- Butte Mining, England (J), Henderson Administration, High Gosforth Park, Investment Company, TDS Circuits, TR Property Investment Trust.

FUTURE DATES

Interims-	
Hardanger Properties	June 4
United Drug	June 5
Finals-	
Alexon	June 11
BAA	June 15
BSS	June 12
Bimec Industries	June 12
Bulgin (AF)	June 15
Chillington	June 4
Donelon Tyson	June 11
Erskine House Investments	June 5
F & C Smaller Cos Fund	June 11
Fletcher King	June 6
Hadleigh Industries	June 18
Heath (CE)	June 13
Holmes Protection	June 22
Kombrey	June 6
Mansfield Brewery	June 13
Normans	June 11
Oriflame International	June 5
Phoenix Timber	June 20
Shanks & McEwan	June 19
Shaw (Arthur)	June 13
Tame (John)	June 19
Thornton Pacific Inv	June 7

GLOBE INVESTMENT TRUST P.L.C.

The offer from
BRITISH COAL PENSION FUNDS

FREEPHONE
GLOBELINE

0800 666 602

You may call this number free of charge at any time for a message from your Chairman

The Directors of Globe Investment Trust P.L.C. are the persons responsible for the information contained in this advertisement. The Directors confirm that to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this advertisement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors of Globe Investment Trust P.L.C. accept responsibility accordingly.

LTU
INTERNATIONAL AIRWAYS

has employed one Boeing 757-200 aircraft for its European Charter Flight Service

WestLB has assisted LTU in structuring the transaction and provided the debt

US $ 41,000,000

WestLB
Westdeutsche Landesbank

Düsseldorf

March 1990

Beijing Brussels Copenhagen Dublin East Berlin Hong Kong Istanbul/Izmir London Luxembourg Madrid Melbourne Milan Moscow New York Osaka Paris Rio de Janeiro Rotterdam Tokyo Toronto Vienna Zurich

Telecom Corporation of New Zealand (Overseas Finance) Limited

NZ$ 75,000,000
13⅛ per cent. Bonds due 1993

guaranteed on a joint and several basis by

Telecom Corporation of New Zealand Limited and certain of its subsidiaries

"Notice is hereby given that the amount payable on each Coupon will be NZ$ 131.25 in respect of Bonds on NZ$ 1,000 and NZ$ 1,312.50 in respect of Bonds of NZ$ 10,000 (and not US$ 131.25 and US$ 1,312.50 respectively as erroneously printed on the Coupons, a Supplemental Trust Deed having been executed with the concurrence of the Trustee to correct such error)."

The above notice first appeared in the press on 27 March, 1990 and asked Bondholders to present their Bonds for over-stamping. Due to the poor quality of the initial stamping, Bondholders are hereby requested to deliver their Bonds for restamping as soon as possible to the principal paying agent at the following address:

Banque Internationale à Luxembourg S.A.
Attn: Securities Department, 2, Boulevard Royal,
L-2953 Luxembourg

Any Bondholders who did not submit their Bonds for initial overstamping are requeted to submit them as soon as possible to the above address.

Notice of Redemption
NORDISKA
INVESTERINGSBANKEN
(Nordic Investment Bank)
NiB

U.S.$100,000,000
10½ per cent. Notes due 1992

NOTICE IS HEREBY GIVEN THAT, pursuant to Condition 5(b) of the Notes, Nordiska Investeringsbanken (the "Issuer") has elected to redeem on 2nd July, 1990 (the "Redemption Date") all of its outstanding 10½ per cent Notes due 1992 (the "Notes") at par. On and after the Redemption Date, interest on the Notes will cease to accrue and unmatured Coupons will become void.
The notes should be presented and surrendered to the Paying Agents as shown on the Notes on the Redemption Date with all interest coupons maturing subsequent to the said date.
Nordiska Investeringsbanken

1st June 1990.
By Citibank, N.A. (CSSI), Fiscal Agent CITIBANK

ANGLOVAAL LIMITED

Declaration of Final Dividends
Mining Companies - Year Ending 30 June 1990

Dividends have been declared payable to holders of ordinary shares registered in the books of the undermentioned companies at the close of business on 22 June 1990. The dividends have been declared in the currency of the Republic of South Africa. Payments from London will be made in United Kingdom currency and the date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be 2 July 1990, or such other date as set out in the conditions subject to which the dividends are paid. These conditions can be inspected at the registered office or office of the London Secretaries of the companies. Warrants in payment of the dividends will be posted on or about 27 July 1990. The transfer books and registers of members of the companies will be closed from 23 June to 29 June 1990, both days inclusive. All companies mentioned are incorporated in the Republic of South Africa.

Name of Company	No.	Dividend Declared Cents Per Share June 1990	June 1989	Total for Financial Year Cents Per Share 1990	1989
Eastern Transvaal Consolidated Mines Ltd. (Reg No.01/08442/06)	80	200	265	400	415
Hartebeestfontein Gold Mining Company Ltd. (Reg No. 05/33926/06)	69	65	100	130	160

By order of the boards
Anglovaal Limited
Secretaries

per: E.D.G. Gordon

Registered Office
Anglovaal House
56 Main Street
2001 Johannesburg

London Secretaries
Anglo-Transvaal Trustees Limited
295 Regent Street
London W1R 8ST

30 May 1990

FT LAW REPORTS

Digest of cases reported in the Easter Term

FROM MAY 15 TO MAY 25

Gloucester City Council v Williams and Others
(FT, May 15)

The defendants were granted a licence by the City for a stall in its market building for the sale of "high class salads." Another stallholder complained to the City that the defendants' stall was trading in competition with him in selling general vegetables. A list of 18 items was agreed but the defendants did not abide by the list and were given notice to quit. The question was whether as a matter of law of market franchises, the City was entitled to impose items on a stallholder as to what goods should be sold from his stall. Dismissing an appeal from a first instance decision in favour of the City, the Court of Appeal stated that at Common Law, the owner of the soil was entitled to stipulate such terms as he thought fit when granting a licence to occupy a stall and there was no rule of franchise law to the contrary. On the judge's findings, the agreed list of 18 items was incorporated in the licence as identifying the high class salads there specified, and was binding on the defendants.

Derby and Co Ltd v Weldon and Others
(FT, May 16)

In interlocutory proceedings concerning the continuance of Mareva injunctions, the Court of Appeal stated that the object of a Mareva injunction was that, within the limits of its power, no court should permit a defendant to take action designed to ensure that subsequent court orders were rendered less effective than would otherwise be the case *(Derby v Weldon [Nos 3 & 4])*. There was no reason why that should not extend in principle and in an appropriate case to ordering the transfer of assets to a jurisdiction in which the English judgment would have to be recognised from one where it would not and where issues would have to be relitigated. However in the present case, it appeared that assets in Switzerland were safe from dissipation under the present regime, so there was no need to resort to what would be a drastic and wholly exceptional measure.

Al-Nakib Investments (Jersey) Ltd and Another v Longcroft
(FT, May 18)

The defendants were directors of a company and they made application to the Stock Exchange to deal in shares issued on the unlisted securities market. A prospectus was published inviting subscriptions and, in reliance on the prospectus, the plaintiffs subscribed for shares. Thereafter the plaintiffs acquired shares in the market, acquired options and increased their holdings. The plaintiffs alleged that the directors knew or ought to have known that they were likely to acquire shares not only under the rights issue but also in the market and were likely to rely on the prospectus and interim reports, and that the directors owed them a duty of care. Mr Justice Mervyn Davies stated that the defendants did not owe the plaintiffs a duty of care insofar as the prospectus and the interim reports had been addressed to them for a particular purpose, namely the rights issue and the plaintiff had used them for another purpose, i.e. buying shares in the market. Therefore those parts in the statement of claim relating to transactions other than the rights issue would be struck out.

Javid v Aqil
(FT, May 22)

In a dispute over a tenancy, the tenant contended that proof of possession and payment of quarterly rent raised a presumption in favour of periodic tenancy which could only be rebutted by express agreement for a tenancy at will. However, the Court of Appeal held, that landlord and tenant could not sensibly be taken to have agreed that the tenant should have a periodic tenancy with all the consequences flowing from that, at a time when they were still not agreed about the terms, and when he had been permitted to go into possession as an interim measure in the expectation that all would be regulated and regularised in due course. When and so long as such parties were in the throes of negotiating larger terms, caution must be exercised before inferring or imputing an intention to give the occupant more than a very limited interest, be it licence or tenancy.

Re Welfab Engineers Ltd
(FT, May 23)

The two directors sold the company's freehold premises, equipment and work in progress for £110,000. A winding up order was made on June 20 1988. The creditors' deficiency was estimated at £43,000. The liquidators alleged that the sale of assets was at a gross undervalue and in breach of the directors' fiduciary duties. They also alleged that the directors acted improperly because they gave priority to preservation of the business and employees' jobs including their own. However, the liquidators accepted that if they had decided to invite the appointment of a receiver, the chances that the creditors would have done any better would have been minimal. Dismissing the liquidators' misfeasance summons, Mr Justice Hoffmann stated that it was not fair or realistic to have expected the directors to have undertaken the task of realising the assets to the best advantage of the creditors while an honest attempt to save their business was in accordance with recent developments in insolvency law.

Barber v Guardian Royal Exchange Group
(FT, May 25)

Mr Barber was a member of a pension fund established under a non-contributory scheme wholly financed by the employer. It was a "contracted out" scheme involving the contractual waiver of the earnings-related state pension scheme. The normal pensionable age in Mr Barber's category of employee was 62 for men and 57 for women. Mr Barber was made redundant when he was 52. The employer paid him the cash benefits provided for the severence terms, statutory redundancy pay, and an ex gratia payment. It was not disputed that a woman in the same position as Mr Barber would have received an immediate retirement pension as well as the statutory redundancy pay, and that the total value of her benefits would have been greater than the amount paid to him. The European Court of Justice held that under the principle of Article 119 of the EEC Treaty that each member state should ensure that men and women should receive equal pay for equal work, compensation in connection with redundancy constituted a form of pay in respect of employment and fell within the concept of pay within article 119. It could not cease to constitute a form of pay on the sole ground that it was statutory or ex gratia. Benefits paid by an employer in connection with compulsory redundancy fell within Article 119, whether paid under a contract of employment, by virtue of legislative provisions, or on a voluntary basis, as did a pension paid under a contracted-out private occupational scheme.

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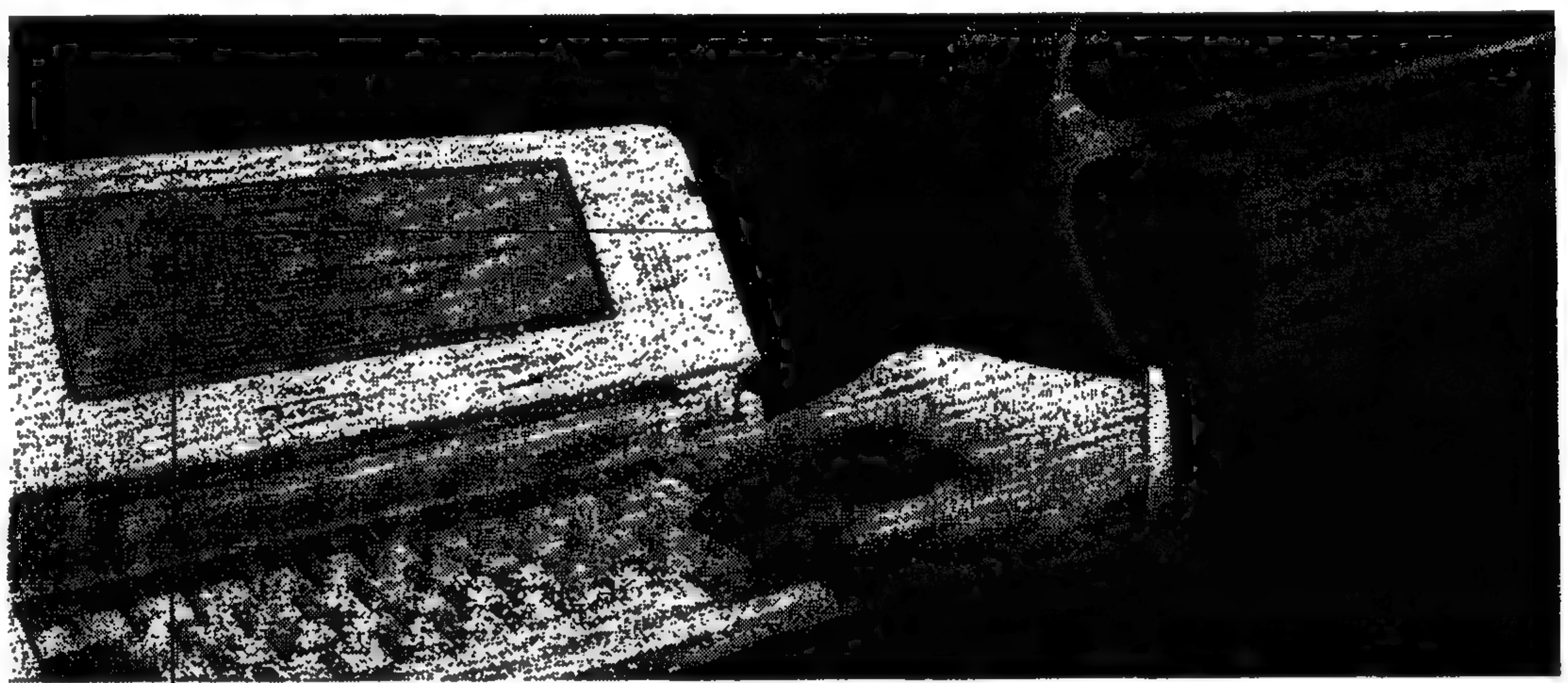

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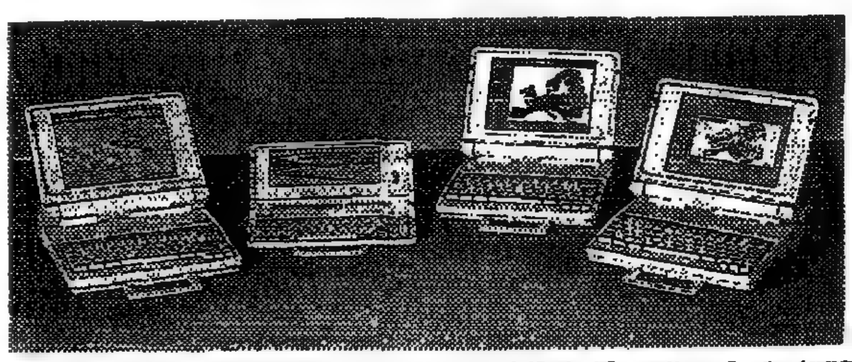

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Facing up to the green frontiers

Bridget Bloom on an environmental action plan for French farms

FRANCE, WHICH has lagged behind other northern members of the EC in its concern for the environment, is adopting a new "green" farm policy in response to the pressure of public opinion.

Mr Henri Nallet, Minister of Agriculture, said in an interview in his Paris office this week that in future French farmers would have to be much more respectful of the environment. "We are offering them new frontiers – and a new dimension to our agriculture policy – aimed at covering the range of environmental problems," he said.

In late April, Mr Nallet announced that his ministry was developing an action plan under which farmers will be encouraged to use less nitrate fertiliser, cut back on water pollution from livestock effluents and use pesticides and other potentially dangerous substances more sparingly.

The Minister also announced the creation of more than a dozen experimental zones, comparable to Britain's environmentally sensitive areas, where special measures will be designed either to curb pollution, to preserve sensitive landscapes or prevent the "desertification" of remote rural areas.

The plans, "fully backed" by French President Francois Mitterrand, would form the agricultural component of a comprehensive environmental protection policy due to be announced by the Government in the autumn, Mr Nallet said.

Although he maintained that his ministry had been studying the possibility of introducing environmental protection measures for at least a year – and had, in fact, designated four of the special zones towards the end of last year – Mr Nallet acknowledged that a sudden surge in public interest in environmental issues this spring had "precipitated" his announcement on April 24.

Henri Nallet (right), who decided to ban British beef imports shortly after giving the accompanying interview, had been under strong pressure from French beef producers to do something quickly "to stop the spiralling drop in prices," according to Agra France, an independent weekly journal. The French national beef producers federation had claimed imports into France from Britain were partly responsible for the fall. French prices at the end of May were 8 per cent lower than last year.

For a long time, "perhaps because of national characteristics or our culture," France had been "less sensitive" to environmental questions than many other EC states. "We felt we were relatively less seriously affected," he said.

Several factors had combined to become the catalyst for action, including growing public awareness of the severity of the drought, which over the last two dry winters had depleted water reserves to half their normal levels in some areas of southern France and is leading to worrying shortages elsewhere.

For example, many of the best oyster beds had been destroyed in the Marseilles region while elsewhere nitrate pollution of drinking water had become more evident.

Mr Nallet also listed the growing "rub-off" effect on French consumers of various food health scares which have principally, but not exclusively, affected Britain, including listeria in cheese, salmonella and the cow madness disease.

At the same time, consumers were beginning to appreciate, from television reporting of eastern Europe, the appalling effects of severe environmental damage.

Clearly, an additional factor was the row, in March, precipitated by Mr Brice Lalonde, the Minister of the Environment, who accused French farmers of being among the country's biggest polluters.

Mr Nallet said that while he was not defending farmers' interests, he accepted that they were now viewed in a much less kindly light by French society as a whole than they once were.

Critics accuse Mr Nallet of being long on rhetoric and short on fact and action. However, he maintained that his environment programme was being given top priority.

He hoped, for example, through encouraging voluntary restrictions on the use of nitrates in the worst affected areas – like parts of his own constituency in the Department of Yonne – to reduce nitrate use by up to 30 per cent over the next three to four years.

By a programme of research and advice, as well as by the encouragement of more organic farming and more extensive cultivation, he hoped to help reduce the degradations of the intensive agriculture of the last two or three decades.

Not surprisingly, France's farmers' organisations have greeted the Minister's new plans without much enthusiasm, at least until they see the sort of compensation that might be offered.

Mr Nallet has so far refused to cost his plans publicly, though negotiations are apparently under way with the Ministry of Finance for inclusion in the 1991 budget.

The Minister would not go further than to say that the special zones would cost "only a few hundred million francs" in the first year or two, though they would be more costly later.

Britain, which adopted its 19 environmentally-sensitive areas three years ago, has a budget of some £15m for this year, of which the EC pays about ten per cent. Mr Nallet made it clear that he would like that percentage increased. The first four French projects are now awaiting Commission approval in Brussels.

US stocks rise hits oil market

By Steven Butler

WORLD CRUDE oil and refined product prices tumbled yesterday following yet another weekly rise in US stock levels reported by the American Petroleum Institute late on Wednesday night.

The latest rises come a week after US crude oil stock levels hit seven-year highs. US gasoline prices were hit hard as the data showed an unexpected rise in gasoline stocks at a time when refinery throughput has been increasing. The July gasoline futures contract on the New York Mercantile Exchange fell the maximum two cents a gallon to 61.26 cents.

July futures for West Texas Intermediate Crude at the Nymex were off 70 cents in late trading at $17.38. Brent Crude oil for July delivery was down 62½ cents at $16.22½ in European trading.

US gasoline stocks rose by 1.06m barrels to 214.22m barrels, while refinery throughput increased to 88.4 per cent capacity from 85 per cent a week earlier. US crude oil stocks posted a 2.11m barrel gain to 381.82m barrels.

Doubts have multiplied over whether Opec members are following through on pledges given a month ago to cut production by 1.45m barrels a day. To date, traders say, only Saudi Arabia has shown solid evidence of complying and there are fears Saudi Arabia could lose patience with other Opec members and restore its own production to earlier levels.

The regular API report was delayed by the US holiday.

Wool price cut angers growers

By Kevin Brown in Sydney

Australian wool growers yesterday threatened to seek compensation of up to A$900m (£407m) from the Government after the federal Cabinet decided to go ahead with a 20 per cent intervention price cut.

Mr Hugh Beggs, chairman of the Australian Wool Corporation, the industry's marketing arm, said the corporation would seek "reparations" for the reduced value of its stocks, and for losses caused by speculation about a price cut.

The corporation's threat followed confirmation by Mr John Kerin, the Primary Industries Minister, that the price would be cut from A$8.70 to A$7 a kilogram from the beginning of the 1990-91 season in July.

The announcement ended a six-week wrangle between the Government and the industry over the best way of responding to over-production in Australia, combined with falling international demand.

The crisis pushed Australian wool stocks to a record 2.6m bales, and Government economists claimed the stockpile could rise to 7m bales in three years unless the price was cut.

Mr Kerin rejected calls from the corporation and other producers' organisations for the intervention price to be maintained, and for a tax on producers to be increased from 8 per cent to 25 per cent to finance the growing stockpile.

However, he attempted to avoid any loss of international confidence in the Australian industry by stressing that the floor price would not be cut again, even if sales fail to improve. "My clear message to the market is that the 700 cents is immutable. The next time the floor price will be changed is upward," he said.

Mr Beggs was "bitterly disappointed" by the decision. "It seems ridiculous that this [corporation's] board has been over-ridden by a minister who has been advised on likely outcomes and risks by a bunch of bureaucrats and purist economists with little or no commercial or marketing experience," he said.

The corporation had spent more than A$300m since Easter to support the A$8.70 floor price as buyers deserted wool auctions in the hope of being able to buy wool later at a lower price.

Denison denies coal interest up for sale

By Bernard Simon in Toronto

DENISON MINES, the financially troubled Canadian resources group, has denied reports that it is to sell its 50 per cent interest in the big Quintette coal mine in north-east British Columbia.

Quintette's yesterday asked the British Columbian Supreme Court to set aside part of the ruling on coal prices made earlier this week by an arbitration panel. It said that the panel went "beyond the scope" of its mandate in deciding the terms of contracts with Japanese customers.

The Quintette arbitration panel has set a price for the mine's coal roughly midway between the level set in contracts running from April 1987 to March 1991 and the market price. In addition, the mine must reimburse the Japanese steel mills C$46m (£23m) for overpayments since April 1987. The panel was convened 18 months ago to rule on a dispute over prices between the mine and the 10 mills.

Denison appears to be keeping its options open on the future of the mine. Ms Helen Roman-Barber, chief executive, said that the uranium, potash and energy producer "is prepared to sell non-core assets, if necessary, to raise cash to meet its financial obligations."

Canadian Coal, set up last year by two Australian mining specialists, said it planned to make an offer soon for the Quintette stake.

Aluminium price rise predicted

By Kenneth Gooding, Mining Correspondent

ALUMINIUM SUPPLY would have difficulty matching demand next year and market conditions would resemble those seen in 1988 when the London Metal Exchange price averaged $1.17 a lb, predicted Mr Bill Bourke, chairman and chief executive of Reynolds Metals Company, second-largest of the US aluminium producers.

But he did not go so far as to suggest that primary aluminium prices would return to the high levels seen in 1988. The price was likely to average about 85 cents a lb compared with a range between 75 and 80 cents this year.

"The magic of 85 cents is that it justifies new capacity in the aluminium industry," said Mr Bourke.

He suggested that western world demand for primary aluminium would grow by 5 per cent next year from the 1990 level as Asian and European economies continued to do well and the US economy gained strength.

Worldwide aluminium producer stocks were extremely low by traditional standards and primary aluminium production capacity was operating at nearly 100 per cent, Mr Bourke pointed out at an analysts meeting in New York.

"In recent weeks we have seen an increase in demand and some improvement in prices and order rates and we expect that this upturn will persist," he said.

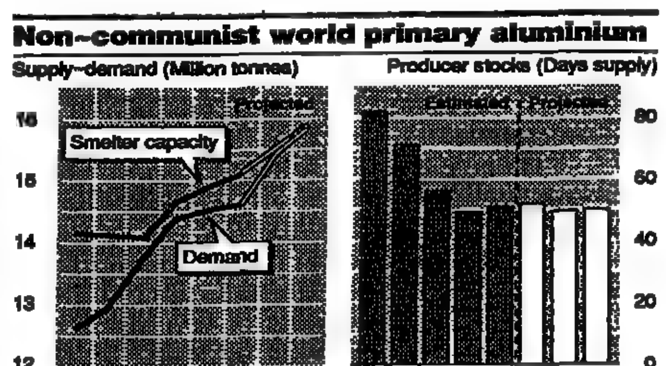
Many metals analysts agree with Mr Bourke's view of the 1991 aluminium market. The mining team at James Capel, in a report earlier this week, forecast that market conditions in 1991 would be tighter than this year, forcing the aluminium price up from an average of 75 cents a lb in 1990 to an average of 85 cents.

Capel added: "The possibility of sharply higher prices exists if production increases are not forthcoming as forecast."

● Mr Bourke suggested that the amount of aluminium used in motor cars might increase dramatically as the car industry worked to meet new mileage standards almost certain to be introduced as part of new clean-air legislation.

The weight of aluminium in cars was already increasing every year in the US. "The 1990 average American car contains 176 lb of aluminium, up from 169 lbs in 1989. We expect to hit 200 lb a car in the next few years," he said.

Non-communist world primary aluminium



Source: International Primary Aluminium Institute & Reynolds Metals Company Economic Affairs

Japan offers pastures new for global beef suppliers

Tim Dickson examines the opportunities presented by an emerging oriental market

JAPAN WILL be the star of the world beef trade in the 1990s, the head of a leading Argentine meat company predicted last week.

Mr Juan Terencio Moche, chairman of the CEPA group, said changing consumption patterns and the recent liberalisation of Japan's import quota regime "are causing a very significant increase in the country's beef imports."

The full potential was difficult to predict "but most analysts think domestic competition will at least double and perhaps treble," resulting in potential business for outside suppliers of 1.3m tonnes to 2m tonnes.

Mr Moche's remarks – delivered in a speech to the 12th International Meat Symposium in Killarney, Ireland – were underpinned by comments made at the same event by Mr Akio Yoshihashi, meat controller of the Mitsubishi Corporation in Japan. They will not have been lost on the large number of Irish meat trade representatives and Government officials in the audience.

Exhorted by several speakers to pursue a more market-oriented sales strategy for their products – and not to rely blindly on Brussels for continued price support through intervention purchases – the opportunities opening up in Japan are clearly a mouth-watering prospect for everyone involved in the global beef trade, the size of which is currently estimated at 4m tonnes.

As things stand, Australia, the US and to a lesser extent New Zealand, are likely to be the big beneficiaries in this emerging oriental market.

It was the US that put pressure on Tokyo in 1988 to increase its import quota by 60,000 tonnes in the three years to 1991, and to drop its import tariff on beef from 70 per cent to 50 per cent over a further three-year period.

Australia, the leading beef exporter in the world with a 25 per cent share, also knows the Japanese market well, and is able to provide the right sort of product at a competitive price. As Mr Yoshihashi pointed out, Japanese companies have established overseas centres in the US and Australia "for grain-fed cattle to produce beef of a taste and quality suitable for the Japanese market."

Ireland, meanwhile, has a high standard of animal health and, with Denmark, might well be the only EC state capable of meeting Japan's extremely stringent quality standards. The big problem for European exporters is the price.

EC export refunds, which bridge the gap between higher European prices and the lower prices prevailing on the open market, are currently not available on sales destined for Japan. This is because of a gentleman's agreement in the mid-1980s between the then EC Farm Commissioner Mr Frans Andriessen and the Australian Government which means that the territory is effectively "off limits" for EC exporters.

This deal is not bound in any way in the General Agreement on Tariffs and Trade but while Mr Raymond MacSharry, the current EC Farm Commissioner, said in answer to questions at the Killarney conference that he could introduce export refunds for Japan next week if he chose to, he also stressed he would not be happy if someone else broke a gentleman's agreement with him.

With several Japanese importers believed to have sent scouts to Ireland, Irish pressure for a change in the refund rules seems certain to grow, certainly once the current international trade negotiations in the Gatt are over.

Calls for a more market-oriented approach by Irish producers generally were led by Mr Tom Nolan, managing director of a leading Irish company, Meadow Meats of Rathdowney. "The industry is at a crossroads. We have a stark choice between giving priority to a market-led approach into Europe or, on the other hand, maximising our dependence on Brussels," he said.

The latter course, he suggested, "maximises the return to the nation in the short term, it enables politicians to be seen to be influencing returns to farmers, it enables commodity-oriented processors to remain in business, and it makes best use of our summer grazing."

On the other hand, the downward pressure on these supports meant that "the days of fiddling while Rome subsidised" were rapidly coming to an end.

WORLD COMMODITIES PRICES

MARKET REPORT

COCOA FUTURES continued their retreat from last week's near two-year highs on the London Futures and Options Exchange yesterday. The July position, depressed by commission house and trade selling, touched £905 a tonne at one stage before rallying to close at £919 a tonne, down £18 on the day. Coffee futures responded to sterling's weakness against the dollar with an early rise that took the July position to £656 a tonne at one stage. But renewed selling pressure trimmed back the gains and the price closed at £649 a tonne, up only £4 on balance. The gold market settled back to last week's low with a $2.75 fall to $363.75 a troy ounce, close to the opening level. At the London Metal Exchange copper prices regained most of Wednesday's falls with cash metal closing £16 up at £1,579 a tonne. Early gains, based on short-covering, trade buying and market talk of a strike in Zaire, were trimmed back later as operators took profits. In contrast the cash zinc price lost Wednesday's $10 rise to close at $1,737 50 a tonne. Dealers attributed fall to pressure from West German selling in thin conditions.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$13.85-3.95q	-.475
Brent Blend	$16.20-6.25q	-.625
W.T.I. (1 pm est)	$17.39-7.41q	-.640

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$227-230	-5½
Gas Oil	$146-148	-3½
Heavy Fuel Oil	$51-63	[illegible]

[illegible]

SUGAR – London FOX ($ per tonne)			
Raw	Close	Previous	High/Low
Aug	307.40	310.40	313.20 306.40
Oct	304.60	308.00	310.60 304.00
Dec	305.00	310.00	305.00 300.00
Mar	299.00	291.60	294.00 287.80
May	288.00	291.40	293.20 288.00
Aug	287.40	289.60	292.00 296.00
Oct	296.00	289.00	286.00 236.00
White	Close	Previous	High/Low
Aug	423.0	424.0	428.5 421.0
Oct	384.5	386.0	389.5 383.5
Dec	371.1	373.5	376.0 370.3
[illegible]	[illegible]	[illegible]	[illegible]

COCOA – London FOX			£/tonne
	Close	Previous	High/Low
May	895	927	896 895
Jul	919	937	926 905
Sep	937	950	946 922
Dec	956	966	961 941
Mar	977	980	977 956
May	988	997	992 972
Jul	1001	1012	[illegible]

Turnover: 12502 (6516) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for May 30 1141.92 (1143.07) 10 day average for May 31 1152.27 (1147.41)

COFFEE – London FOX			£/tonne
	Close	Previous	High/Low
May	630	627	640 628
Jul	649	645	656 642
Sep	663	659	673 657
Nov	675	675	685 674
Jan	690	690	699 690
Mar	702	701	711 702
May	720	712	720 720

turnover: 3701 (2559) lots of 5 tonnes
ICO indicator prices (US cents per pound) for May 30: Comp. daily 74.03 (74.02) 15 day average 73.63 (73.56)

POTATOES – BFE			£/tonne
	Close	Previous	High/Low
Nov	124.0	124.0	124.0
Apr	176.5	175.5	178.0 175.4

Turnover 65 (200) lots of 40 tonnes

SOYABEAN MEAL – BFE			£/tonne
	Close	Previous	High/Low
Jun	114.00	115.00	
Aug	116.50	117.00	
Oct	119.80	120.00	

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 14,172
Cash	1563-5	1582-4	1565/1555	1582-4		
3 months	1578-80	1582-3	1588/1578	1580-1	1580-1	45,979 lots
Copper, Grade A (£ per tonne)						Total daily turnover 20,818
Cash	1578-80	1562-4	1588/1572	1385-7		
3 months	1504-5	1484-5	1510/1495	1504-6	1495-6	82,633 lots
Lead (£ per tonne)						Total daily turnover 2,077
Cash	486-8	480-2		488-9		
3 months	483-5	487-8	490/483	486-6.5	486-7	10,089 lots
Nickel ($ per tonne)						Total daily turnover 1,444
Cash	8325-50	8475-500	8350/8310	8305-10		
3 months	8352-5	8475-500	8375/8325	8360-70	8375-400	8,297 lots
Tin ($ per tonne)						Total daily turnover 821
Cash	6380-90	6380-400		6380-5		
3 months	6505-10	6510-20	6505/6500	6485-500	6500-10	6,023 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 4,718
Cash	1735-40	1745-50	1735/1734	1735-6		
3 months	[illegible]	1685-7	1690/1675	1678-80	1685-7	19,534 lots

LME Closing £/$ rate: SPOT: 1.6780 3 months: 1.6504 6 months: 1.6281 9 months: 1.6081

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	363½-364	216½-217
Opening	363½-364	215¾-216¼
Morning fix	363.70	215.974
Afternoon fix	363.05	216.191
Day's high	364-364½	
Day's low	362½-363	

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Jun	364.3	364.1	364.6	362.7
Jul	368.1	368.4	0	0
Aug	368.6	368.9	369.0	367.2
Oct	373.4	373.7	373.5	372.0
Dec	378.1	378.4	378.4	376.5
Feb	382.9	383.2	0	0

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Jul	4950	5063	4996	4930
Aug	5030	5132	5065	5005
Sep	5200	5291	5220	5160
Oct	5325	5394	5330	5290
Nov	5435	5497	5445	5400
Jan	5577	5645	5605	5560
Mar	5380	5415	5385	5365

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Jul	1415	1440	1425	[illegible]
Sep	1439	1462	1445	1410
Dec	1460	1486	1466	1432
Mar	1478	1503	1480	1456
May	1486	1528	1488	1470
Jul	1514	1546	1513	1490

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Jul	94.05	96.10	96.30	93.40
Sep	96.05	97.90	98.20	95.40
Dec	98.65	100.50	100.20	98.20
Mar	101.10	102.66	103.00	100.75
May	100.15	104.15	103.40	102.20
Jul	104.90	107.15	106.50	104.25
Sep	106.26	108.00	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Jul	607/2	605/2	610/4	604/0
Aug	613/4	611/6	616/0	610/0
Sep	615/6	612/6	616/0	612/4
Nov	622/2	619/4	625/0	618/4
Jan	632/6	630/4	635/4	629/4
Mar	644/0	641/4	646/0	640/0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

LONDON STOCK EXCHANGE

Gains held after irregular trading

[G]ains earlier this week in UK [sh]ares were successfully con[so]lidated yesterday despite a [sli]ght cooling in the invest[m]ent climate in the wake of [th]e UK Chancellor's warning [ag]ainst interest rate optimism [an]d the apparently tougher [to]ne of the Washington talks [ov]er Germany between the [pr]esidents of the US and the [So]viet Union. The market pur[su]ed an irregular pattern [be]fore closing steadily, with [pr]ices little changed from over[ni]ght quotations.

Equities were helped at first [by] another round of bear-clos[in]g operations by marketmak[er]s still needing stock, and by [a] handful of special situations among the market's top 100 FT-SE Index stocks. But a gain of 11 Footsie points was swiftly converted into a similar loss at mid-session when IBM shares fell in London in anticipation of a new main frame product from Hitachi Data Systems, bringing fears that Wall Street's record levels might be challenged. In the event, Wall Street held up well in London hours, showing a 5.46 gain as the UK market closed with a rally which eliminated most of its earlier setback.

Account Dealing Dates		
*First Dealings:		
May 14	May 29	Jun 11
Option Declarations:		
May 24	Jun 7	Jun 21
Last Dealings:		
May 25	Jun 8	Jun 22
Account Day:		
Jun 4	Jun 18	Jul 2

*New-time dealings may take place from 8.30 am two business days earlier.

The final reading showed the FT-SE Index at 2,345.1, a net loss on the day of only 1.1 points. Seaq volume of 466.2m shares compared with 556.4m on Wednesday. Bear closing again helped the market at the close when dealers sounded more cautious than of late about the near term outlook for equities.

The absence from the Chancellor's Wednesday speech in Paris of any date for British entry to full membership of the Exchange Rate Mechanism of the EMS damped some of the equity market's optimism for an early move to lower interest rates, as did yesterday's dip in sterling. Much of the recent rise in the equity market has reflected hopes that early EMS entry would enable domestic interest rates to be cut sooner than expected.

However, the rally towards the close yesterday, together with some evidence of institutional buying of stocks overlooked in the advance of the past month, indicated that fund managers are unwilling to let prices fall far before moving in to buy stock.

The FT-SE Index was boosted in early trading by substantial rises in Enterprise Oil and in Guinness. Enterprise shares rose sharply as the market looked yet again for a bid after Elf Aquitaine, a 25 per cent stakeholder, confirmed that it had been in talks with ICI which has a similar stake in Enterprise.

The brewery sector caught alight after LVMH, the French luxury goods manufacturer, sought to increase as foreshadowed its cross-holding in Guinness to 22.4 per cent, almost matching the UK group's holding in LVMH. Among company news features, British Gas disappointed the market with annual results.

FINANCIAL TIMES STOCK INDICES

	May 31	May 30	May 29	May 25	May 24	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	78.31	78.58	78.16	78.25	78.36	84.58	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	87.28	87.27	87.24	87.08	87.29	96.37	92.91 (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1856.0	1857.4	1823.3	1800.0	1805.2	1745.6	1968.3 (3/1)	1653.6 (30/4)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	213.3	216.2	215.7	211.2	208.7	171.5	378.5 (6/2)	207.1 (18/5)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2345.1	2346.2	2295.6	2265.6	2277.1	2130.0	2463.7 (3/1)	2103.4 (30/4)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	5.12	4.98	5.06	5.11	5.08	4.56				
Earning Yld %(full)	11.60	11.52	11.43	11.56	11.48	11.04				
P/E Ratio(Net)(☆)	10.50	10.78	10.58	10.46	10.52	10.97				
SEAQ Bargns 4.45pm	32,914	30,637	21,836	25,636	24,440	25,853				
Equity Turnover(£m)†	-	1079.14	509.09	849.99	1077.70	1429.00				
Equity Bargains†	-	29,601	22,945	26,295	25,267	29,480				
Shares Traded (ml)†	-	408.7	339.5	371.5	360.8	522.5				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 10.39

Ordinary Share Index, Hourly changes — Day's High 1866.2 — Day's Low 1846.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1854.1	1863.7	1866.2	1855.9	1851.3	1847.6	1847.8	1848.1	1854.6

FT-SE, Hourly changes — Day's High 2357.2 — Day's Low 2333.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2347.1	2351.7	2356.1	2344.5	2339.3	2334.9	2335.5	2337.6	2345.6

GILT EDGED ACTIVITY

Indices*	May 30	May 29
Gilt Edged Bargains	85.1	66.9
5-Day average	87.7	93.8

*SE Activity 1974. †Excluding Intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.

London report and latest Share Index Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ADT	1,200	180½	−1	Courtaulds	1,000	339	−8	MEPC	402	501	+4	Slough Ests	49	288	−2
ASDA Group	1,300	107		Dalgety	315	351		Manpower	87	77¼	+¼	Smith (W.H.) A	407	346	+8
Abbey National	3,900	204	+5	Dixons	6,200	130	+4	Marks & Spencer	3,400	222	−1	Smith & Nephew	2,300	113½	−2½
Allied-Lyons	5,400	475	+8	ECC Group	225	388	+3	Maxwell Comm.	1,000	201	+1	SmKl Beecham	1,000	537	−3
Amstrad	1,300	64	−3	Enterprise Oil	1,700	683	+34	Mecca Leisure	2,800	84		SmKl Beecham Units	16	2488	+28
Anglian Water	311	164	−1	FKI	453	78		Midland Bank	3,500	284	−8	Smiths Inds.	280	285	
Argos	3,700	224	−8	Ferranti	1,700	39	−½	NatWest Bank	1,900	354	+8	South West Water	155	169	−2
Argyll Group	3,200	238	−1	Fisons	799	387		Next	1,700	69	−1	Southern Water	94	135	−3
Ass. Brit. Foods	565	401	−1	Gen. Accident	482	1104	+5	North West Water	577	157	−2½	Standard Chart.	180	479	+8
BAA	731	418	+4	General Elect.	5,200	209½	−2½	Northern Foods	379	289	+3	Storehouse	10,000	120	+5
BAT Inds.	2,000	722	−2	Glaxo	5,800	783	−12	Northumbrian Water	45	173	−1	Sun Alliance	1,900	319	−1
[illegible]															
British Gas	10,000	217½	−3	Hillsdown	1,300	264	−1	Reed Intl.	1,300	439	−1	Unigate	227	298	−2
British Land	91	348		IMI	481	244	+4	Reuters	1,000	1187	−8	Unilever	1,700	885	+8
BP	4,300	329½	+1½	ICI	1,000	1203	−1	Rolls Royce	10,000	223½	+6½	United Biscuits	2,800	347	−3
British Steel	7,500	143½	−3¼	Inchcape	504	277	−1	Rothmans	105	693	+4	Utd. Newspapers	98	338	−2
British Telecom	9,200	287	+2	Kingfisher	1,300	398		Ryl Bk Scotland	221	190	+1	Water Package Uts.	0	£1038	−18
Bunzl	593	99	−1	Ladbroke	1,400	313½	−4½	Royal Insurance	886	475	−5	Wellcome	804	853	−3
Burmah Oil	749	638	+3	Land Securities	677	507	+1	STC	785	268		Welsh Water	139	187	−4
Burton	1,300	185	−3	Laporte	134	649	−3	Saatchi	601	99		Wessex Water	408	188	−1
Cable & Wire.	1,200	545	+1	Legal & General	1,300	[illegible]	[illegible]	Sainsbury	1,300	292	−1	Whitbread 'A'	386	438	−1
Cadburys	861	341	−3	Lloyds Abbey	909	324	−1	Scottish & New.	1,800	329		Williams Hldgs.	1,300	382	+2
Calor Group	100	373	+8	Lloyds Bank	1,800	280	+1	Sears	1,700	98½	−1½	Willis Faber	541	288	
Carlton Comms.	725	585	+29	LASMO	2,800	411	+8	Sedgwick	213	289	−2	Wimpey	5,200	241	−4
Coats Viyella	1,900	122		Lonrho	1,400	289	−1	Severn Trent Water	533	135	−2	Yorkshire Water	412	188	−3
Comm. Union	611	482	−1	Lucas	1,300	602	+2	Shell Transport	2,800	487½	−1½				
Cookson	1,600	192	+6	MB Group	146	217	+2	[illegible]	286	498					

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

LVMH in Guinness tender

[L]ARGE lines of Guinness [sh]ares traded as turnover [s]welled to 36m in the wake of a [se]ries of announcements on [th]e cross-holding of shares [b]etween the company and [L]VMH, the French luxury [g]oods group. One dealer [d]escribed business as "frantic" [a]s the shares initially jumped [sh]arply and then fell back as [d]etails of the announcements [w]ere digested.

The initial rise came when [L]VMH announced a tender [of]fer for up to 59¼m Guinness [sh]ares, or about 6.8 per cent of [th]e company. SG Warburg, [co]nducting the business, said [it] would pay up to 825p a share [on] behalf of LVMH.

At the same time, LVMH [sa]id it already owned 17.8 per [ce]nt of the Guinness, compared [w]ith the previous announcem[ent] of a 12 per cent holding. [L]ater in the day it had [in]creased the holding to 22.4 [pe]r cent, just below what it [an]d Guinness have in the past [sa]id they would like it to be. [Gu]inness has 24 per cent of [L]VMH.

Mr Geoff Collyer at County [Na]tWest recommended inves[to]rs not to sell for less than [82]5p. "If you don't sell, don't [w]orry about it. If anyone bid [for] the whole company at a 10 [pe]r cent premium to the mar[ke]t, they wouldn't get a single [sh]are," he said. He reiterated [Co]unty's strongly bullish line [on] the stock, saying that Guin[ne]ss was trading at about a 20 [pe]r cent premium to the mar[ke]t but that earnings growth [wa]s two to three times higher [th]an the market.

One marketmaker said that [th]ere had been offers of £8 a [G]uinness share. By the close [th]e price had subsided to 769p, [st]ill an improvement of 27 on [th]e day.

[E]nterprise moves

Bid stories continued to [sw]irl around Enterprise Oil, [lift]ing the shares 34 higher to [68]3p in good turnover for the [sto]ck of 1.7m. Earlier sugges[tio]ns that Elf Aquitaine, the [Fr]ench state-controlled oil [co]mpany which has 25 per cent [of] Enterprise, would buy ICI's [ne]ar 25 per cent stake, received [fur]ther impetus in the shape of [ru]mours in Paris of an immi[nen]t announcement from Elf.

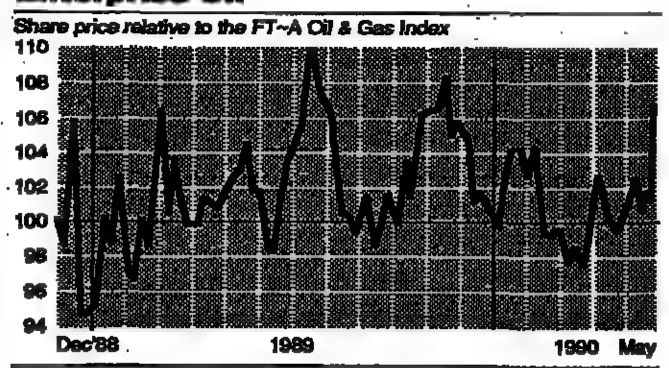
Elf said later in the session [tha]t it would raise FFr5.6bn [(£5]84m) in new capital, but as [par]t of its purchase of interests [in] state-owned chemicals firm [Or]kem.

Enterprise did not fall on [thi]s news, to the surprise of some analysts. One trader blamed continued buying of the stock from overseas. "The market believes they know something," he said. "No one is taking any notice of statements being made, they're just looking at the business being done in the market."

Another factor possibly supporting Enterprise was a big gas/condensate discovery in the North Sea, drilled by Hamilton Oil. It is in block 15/24A and has shown test flows of 11m cubic feet gas and 3,000 barrels of condensate. Enterprise has a 9 per cent interest in the licence.

Enterprise Oil

Share price relative to the FT-A Oil & Gas Index



Racal weakens

Racal Electronics sank 9 to 208p as County NatWest downgraded its profits forecast from £330m to £295m for 1990-91. Racal's 1989-90 figures are due in June and County is looking for an unchanged outcome of £305m.

Mr Patrick Wellington at County said that higher interest rates and the possibility of a fund-raising exercise would damage the shares. "I suspect the shares will continue to be quite weak. They have run up from 180p without much justification, and I would not be surprised to see them head back there," he said.

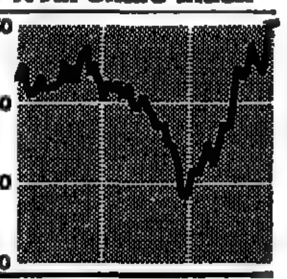
A placing of 5m Racal shares at 217p earlier in the week had already drawn out buyers of the stock. The company announced yesterday it had appointed Smith New Court as its brokers, replacing Citicorp Scrimgeour Vickers which resigned earlier in the year.

Full-year figures from British Gas were below market expectations and the shares slipped 3 to 217½p, having bottomed at 214p. Turnover was an above average 10m. Smith New Court said there was some disappointment that there had not been an announcement from British Gas that it intended to ask for shareholder permission to buy back some of its shares.

Another firm session in banking stocks reflected underlying optimism in the equity market, and appeared unaffected by any currency tremors in the wake of the warning on UK interest rates from the UK Chancellor and the tensions in the US-Soviet Union summit in Washington.

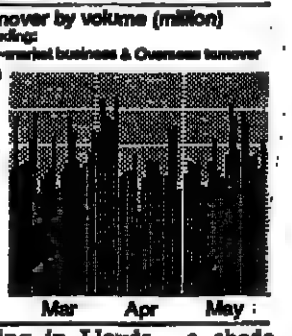
The UK clearers continued to edge higher, featuring Barclays (400p) and NatWest at 280p. There was some profit-taking in Lloyds, a shade easier at 288p but Midland (351p) extended their recovery from last week's lower trend. However, traders commented that share prices are still benefiting from a bear squeeze on marketmakers' positions.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



Among the merchant banks, S.G. Warburg slipped a further few pence to 420p following press comment on the record trading result. County NatWest, the Uk investment bank, predicted that the shares are likely to drift lower in the near term as the bank grapples with a more difficult operating environment.

Life assurers lost heart, and shed a few pence of recent gains. Prudential, suffering from adverse brokerage comment this week, dipped to 219p, Legal & General (393p) and Refuge (630p) following suit. Even Lloyds Abbey, the preferred stock of several analysts, ended lower at 324p.

Composites were also a touch off, although traders saw no selling pressure.

The leading housebuilders weakened as many analysts lowered their profits estimates for Barratt Developments after a visit to the company on Wednesday. Ms Christina Bruenkwald at Hoare Govett reduced to £47m from £52m, saying the cost of pushing through volume in the UK housing market was heavier than expected, owing to the additional costs of sales incentive. Barratt shares closed 9 cheaper at 170p, and those of George Wimpey fell in sympathy to close 4 off at 241p.

Other construction issues were steadier, although profit-taking halted the good run in Blue Circle, 4 down at 244p, and in Redland, which posted a decline of 8 at 588p.

The chairman of the latter company said at the annual meeting yesterday that the current year had started well with overseas businesses compensating for the inevitable declines in the volume of business at home. Redland also confirmed recent reports of European expansion, stating that it had entered into agreements to establish a joint venture in East Germany for the manufacture and distribution of concrete tiles.

John Mowlem regained composure after yesterday's annual meeting, at which there was no bad news, and closed 4 up at 322p. Also higher were CRH, 6 firmer at 283p, and Pilkington, which rose 5 to 205p.

Several miscellaneous industrial leaders felt the effects of profit-taking, including Courtaulds (339p) and Trafalgar House (325p). Others resisted with BET, still influenced by complimentary advice from broking houses, progressing 6 further to 249p.

Bowater also improved, to 515p, following buy recommendations and the consensus opinion that shareholders should back management and take up their rights entitlement. County NatWest said: "Bowater's managers are, in our view, safe custodians of your money." Rival house BZW advised investors to be "overweight" of the stock.

Lower first-half profits brought Sidlaw back 5 to 133p while USM-listed Select Appointments tumbled 17 to 70p on the disclosure that the French operations had incurred a "significant loss" in the year just ended.

County NatWest also put out a great tome of research on electronics stocks under the title "A Hostile Environment," prompting a downward slither for some stocks in the sector. GEC, for example, shed 2 to 210p and Amstrad closed 3 lower at 64p. But Henderson Crosthwaite argued that there was no real pattern in these slippages and pointed out that some stocks were unaffected.

STC was unchanged at 268p while Ferranti lost ½ to 9p before the announcement of a joint venture with Thomson-CSF to develop their anti-submarine warfare interests.

Thorn EMI was strongly up on the day to close 8 higher at 732p after it announced a good improvement in pre-tax profits from £289.1m to £317.5m.

British Aerospace reversed most of its gains of yesterday with a fall of 6 to 540p before it revealed a 49 per cent interest in Kelsey Instruments, a destructive testing systems company.

Rolls Royce firmed 5 to 222p in heavy volume of 10m shares. Marketmakers reported that there had been a push on Rolls Royce in the morning and there was renewed speculation about a mystery stakebuilder.

Molins slipped 7 to 263p as the market reassessed its value in the light of Leucadia's failed bid.

Globe Investment Trust climbed 5¼ to 199p as the British Coal Pension Funds' £1.03bn bid drew to its first close. Globe's shares now stand at 8p above what the funds are bidding and there was speculation that they would increase the offer.

One follower said: "It was clear that the offer was not going to succeed at 191p and people are gambling on the fact that the funds will raise their price."

Lex Service continued its upward progress after a favourable research note and firmed 6 to 262p. But this rise was described as a "little squeezy" by one marketmaker.

Anticipation of a good set of results from VSEL pushed its shares up 19 to 338p.

Headland's shares slumped heavily to 15p, a fall of 8, after it forecast significant first half losses. The USM-quoted company pinned the blame on development costs of a software package and a recent deterioration in the general state of the UK software market.

Other computer companies also experienced a sticky day. Hoskyns slid 6 to 325p, Logica was again off at 215p, down 1, and the USM-quoted Misys shed 5 to 153p.

The Monopolies and Mergers Commission's recommendation that Mr David Sullivan, the controversial publisher of the Sunday Sport, should not be allowed to merge his interests with those of the Bristol Evening Post came as a relief to the newspaper group but a dampener to its share price which slithered 17 to 278p. USM-quoted Select Appointments slid 17 to 70p after saying that its French subsidiary would incur a significant loss for the year to April 1990.

US arbitrageurs bought Carlton Communications' American depository receipts, said marketmakers. The result was a rise of the shares in London of 29 to 585p.

Premier unit trust group, M & G, bounded forward after revealing a very satisfactory set of mid-term figures. Mr Philip Gibbs at Laing & Cruickshank said pre-tax profits may have been better than the market had expected but he saw little reason to alter his full-year estimate of £36m. Fund management groups have prospered behind the recent sharp rise in the market, said the researcher, as M & G shares rose 16 to 445p.

■ Other Market statistics, including the FT-Actuaries share index, Page 26

NEW HIGHS FOR 1990

NEW HIGHS (89).
BRITISH FUNDS (1) AMERICANS (7) BANKS (2) BREWERS (6) CHEMICALS (3) STORES (8) ELECTRICALS (4) ENGINEERING (6) FOODS (6) HOTELS (1) INDUSTRIALS (18) AGA, ASD, Alexandra Workwear, Astra, Baynes (Charles), Boots, Eurocopy, Hutchison Whampoa, Jardine Hldgs., Lilly (Eli), Mosaic Invs., Oriflame, Reuters, Swire Pacific A, TT, Tomkins, Williams Hldgs., Do. Cnv. Pref., LEISURE (1) NEWSPAPERS (1) PAPERS (1) TRUSTS (12) OVERSEAS TRADERS (2) MINES (2) THIRD MARKET (2).

APPOINTMENTS

[C]hairman [o]f Close [B]rothers

[M]r Hugh G. Ashton, [pre]viously a director of [Ha]nson, has become chairman [of] CLOSE BROTHERS GROUP. [Mr] Mike Keeling and Mr [An]thony Tennant have retired [fro]m the board.

[■ W]HITTINGDALE, the gilts [sp]ecialist, has made Mr Jon [Ba]ilie a director of its unit [tru]st subsidiary, Whittingdale [Un]it Trust Management.

[■ M]r William Lazarus is to [joi]n the board of PORTER [CH]ADBURN as group finance [dir]ector on June 25. He joins [fro]m Nestor-BNA where he [ha]s held a similar position. [Mr] Stephen Julius is promoted [to] the board, but Mr Michael [...]ss has resigned to [con]centrate wholly on [dev]eloping the LDH Group, [of] which he remains chairman.

[■] TEESLAND [DE]VELOPMENT COMPANY [ha]s appointed Mr Edward Bell [to] its main board. He is [res]ponsible for all the [co]mpany's current projects.

[■] Mr Terence Webb is joining [CR]EDITANSTALT as chief [ex]ecutive of its UK based [inv]estment management [bu]siness. He is head of the [No]rth American desk at [Ga]rtmore and a director of Gartmore Pension Fund Managers, Gartmore Fund Managers and Gartmore Investment Trust Managers.

■ CHANCERY, the merchant banking and financial advisory services group, has made Mr Robert Graham its group finance director. He remains company secretary.

■ Mr Michael R. Nicholas *(pictured)* has been appointed finance director of INCO EUROPE from July 1. He succeeds Mr Charles E. Moore, who has elected to take early retirement.

■ Mr Antony Beevor, head of the corporate finance division of Hambros Bank, has been appointed to the board of HAMBROS.

■ *Mr Roger Thomas* has been made managing director, KINGSWAY GROUP UK building materials division. He remains joint managing director of Celcon Blocks, but relinquishes his appointment as managing director of Ryarsh Brick, another Kingsway Group company.

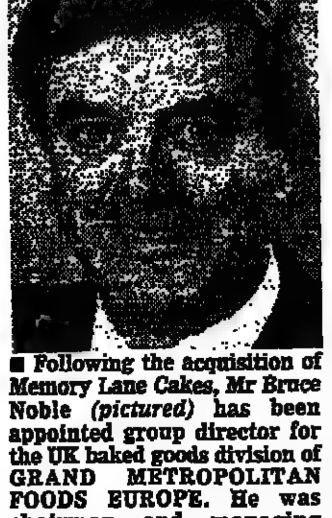
■ KETSON has appointed the following to the board: Mr John Allison, chairman, Mr Derek Dainton, managing director of the Moorgate Group, and Ms Caroline Hogan, managing director of Cooper Directory Marketing. Mr Rupert Stanbury, group managing director, becomes chief executive. Mr John Beckwith, a non-executive director, is not standing for re-election at the annual meeting.

■ UNIONE ITALIANA (UK) REINSURANCE COMPANY has appointed Mr Robert Johnston as chief non-marine underwriter. He was a deputy manager with Mercantile & General.

■ Mr Andrew C. Dykes has been appointed managing director of both SCHINNERER & CO and its subsidiary ENCON UNDERWRITING from July 1. He succeeds Mr Homer M. Sandridge who is returning to the US to manage the Schinnerer US architects & engineers professional indemnity scheme.

Mr Derek Oldham, formerly director of underwriting, has been appointed deputy managing director of Schinnerer & Co. He remains responsible for the company's architects and engineers programme in the UK.

Mr Gregg M. Winterson has been made deputy managing director of Encon Underwriting and will be responsible for the recently launched directors and officers liability insurance facility.



■ Following the acquisition of *Memory Lane Cakes*, Mr Bruce Noble *(pictured)* has been appointed group director for the UK baked goods division of GRAND METROPOLITAN FOODS EUROPE. He was chairman and managing director of Pillsbury UK.

■ Mr Warren Galloway has become managing director of SERICOL in succession to Mr Bela Daranyi who has been made director Europe and deputy chief executive. Mr Galloway joins from W. Canning where he was managing director of W. Canning Materials.

LONDON SHARE SERVICE

BRITISH FUNDS

1990 High	1990 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
[illegible]						

Five to Fifteen Years

1990 High	1990 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]						

Over Fifteen Years

1990 High	1990 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]						

Undated

1990 High	1990 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]						

BRITISH FUNDS—Contd

Index-Linked

1990 High	1990 Low	Stock	Price £	+ or −	Yield (1)	Yield (2)
[illegible]						

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for September 1989: 116.6 and for April 1990: 125.1.

INT. BANK AND O'SEAS

1990 High	1990 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]						

CORPORATION LOANS

1990 High	1990 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]						

COMMONWEALTH & AFRICAN LOANS

1990 High	1990 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]						

LOANS

Building Societies

1990 High	1990 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]						

Public Board and Ind.

1990 High	1990 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
47	41	Met. Wtr. 3pc 'B'	45		6.67	10.99

FOREIGN BONDS & RAILS

1990 High	1990 Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
[illegible]						

AMERICANS

1990 High	1990 Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
[illegible]							

AMERICANS—Contd

1990 High	1990 Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
21½	14¼	Chase Manhattan $12½	16¼	+⅛	$2.36	−	9.0
19¼	14	Chem. Banking Corp.	16¼	+⅛	$2.72	−	10.1
12½	9¼	Chrysler $6¼	9⅝	+¼	$1.20	−	7.5
18⅛	12⅞	Citicorp $1	13⅞	−⅛	$1.78	−	8.0
39⅞	31¼	Colgate-Palmolive $1	37⅞	+⅛	$1.48	−	2.3
12⅛	8¼	Cont'l Bank Corp $4	929p	+28	$1.00	−	6.5
[illegible]							

CANADIANS

1990 High	1990 Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
[illegible]							

Continued on next page

LONDON SHARE SERVICE

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BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
303	209	ANZ SA1	229	+4	44c	1.4	9.0	7.9
204½	172	Abbey National 10p	204	+3	5.7	4.3	3.7	8.3
*274	210	Allied Irish Ord	233	+5	Q40%	♦	4.1	♦
£13½	£11¼	Algemene Fl.10	£11¼	..	Q28%	2.1	7.8	6.0
85	73	Anglo Irish	75	...	Q18.7%	2.7	5.9	10.2
81	68	Ansbacher (H.) 1p	75	–1	2.5	1.3	4.4	21.6
£71½	£54½	Bancaire Cie Fr100	£65	–1¾	Q12½%	–	2.1	–
£22½	£16⅝	Banco Bilbao Viz	£19	...	Q9.1%	2.7	4.4	12.3
£31	£24½	Banco de Santander	£27½	...	Q25%	2.4	4.1	10.1
286	224	Bank Ireland Ir£1	254	+5	Q14.3%	♦	5.3	♦
£19½	£18	Bank Leumi	£19½	.....	–	–	–	–
350	320	Bank Leumi (U.K.)	345	.....	†13.5	–	5.2	–
125	104	Bank Scotland	118½	+1	4.55	3.3	5.1	7.9
100¼	83¼	Do. 9¾pc Irrd Pf.	92¼	+½	9¾%	–	13.3	–
54	39	Bank of Wales	42	.....	2.8	0.8	8.9	20.2
428	352	Barclays £1	401	+4	h19.57	3.5	6.5	5.6
22	13	Benchmark 20p	13	–1	1.63	1.0	16.7	7.5
335	310	Brown Shipley £1	319	–4	12.0	♦	5.1	♦
455	361	Cater Allen £1	405	...	23.5	–	7.7	–
179	134	Chancery	134	...	18.0	2.8	8.0	5.9
£23¼	£19½	Commerzbk DM10	£19½	–⅛	Q18%	–	3.4	–
£13½	842	Dai Ichi KBk Y50	942	+7	Q17%	♦	0.4	♦
*£323	£262½	Deutsche Bk DM50	£273	+1¼	Q28%	–	1.8	–
£20¼	£19	Espirito Santo	£19½	...	Q75c	♦	2.3	♦
253	183	First Nat. Fin. 10p	228	+2	13.0	2.4	7.9	6.8
121	96	FNFC 6.3pc Cv Pf	113	+2	6.3%	–	7.4	–
262	110	Fuji Bank Y50	110	.....	Q17%	♦	3.1	♦
325	262	Gerrard & National	282	.....	19.0	♦	9.0	♦
154	135	Guinness Mahon 10p	135	.....	2.1	–	2.1	–
328	223	Hambros 20p	264	–2	†10.0	–	5.1	–
128	93	Do. 7.5pc Cv Pf	107	+1	7½%	–	9.3	–
53½	43	HK & Shang. HK$2.50	44½	+1	Q38c	–	6.5	–
478	458	Joseph (Leo) £1	458	...	15.85	–	4.6	–
148	126	King & Shaxson 20p	148	+2	10.25	♦	9.2	♦
422	340	Kleinwort Benson Gp	393	...	16.0	2.5	5.4	10.0
642	402	Kyowa Bank Y50	494	–5	Q14%	♦	0.6	♦
307½	242	Lloyds £1	299	+1	13.3	2.6	6.1	6.8
56	44	Lon. Scot. Bank 10p	48	–1	2.4	1.8	6.7	10.1
404	271	Midland £1	284	–5	18.0	2.6	8.5	5.9
£14½	£10⅛	Mitsubishi Bank Y50	£10⅛	.....	Q17%	♦	0.3	♦
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS — Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS — Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING — Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) — Contd

[illegible]

INDUSTRIALS (Miscel.) — Contd

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

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MOTORS, AIRCRAFT TRADES – Contd

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY – Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND – Contd

TRUSTS, FINANCE, LAND – Contd

Finance, Land, etc

WATER

OIL AND GAS

OIL AND GAS – Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES – Contd

Miscellaneous

THIRD MARKET

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ● USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ▮ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ◆ Not comparable
- ◆ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ! Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ▮ No par value

B.Fr. Belgian Francs. Fr. French Francs ▮▮ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend. cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990-91. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1.. γ	836	......
Finlay Pkg. 5p.. γ	53	......
Holt (Jos) 25p.. γ	1290	......

IRISH

Cap. 8½% Ln. 1991.	£98¼	......
9pc Cap Ln. 1996.	£94¼	......
Fin. 13% 97/02...	£112¼	......
Arnotts	415	......
Carrol (P.J.)...... γ	145	-2
Hall (R. & H.)......	175	......
Helton Hldgs...... γ	73	......
IRG	202	+2
United Drug.......	160	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	39
Amstrad	5½
Astec (BSR)	5½
BAT	83
BOC Grp	45
BTR	36
Barclays	49
Blue Circle	19
Boots	23
Bowaters	38
Brit Aerospace	42
British Steel	9
Brit. Telecom	25
Cadburys	27
Charter Cons	40
Comm Union	40
Courtaulds	24
Eurotunnel	60
FKI	7
FNFC	21
Gen Accident	90
GEC	18
Glaxo	56
Grand Met	45
Guardian	19
GKN	33
Hanson	18
Hawker Sidd	55
ICI	85
Ladbroke	25
Legal & Gen	34
Lex Service	26
Lloyds Bank	22
Lucas Inds	52
Marks & Spencer	17
Midland Bk	27
Nat West Bk	29
P & O Dfd	50
Polly Peck	37
Racal Elect	19
RHM	35
Rank Org Ord	68
Reed Intnl	33
STC	20
Sears	9½
SmKl. Beecham A.	46
TI	38
TSB	11
Tesco	17
Thorn EMI	61
Trust Houses	22
T&N	17
Unilever	56
Vickers	18
Wellcome	60

Property	
Brit Land	32
Control Secs	5
Land Securities	44
MEPC	44
Mountleigh	14

Oils	
Aviva Petlm.	5½
Brit Petroleum	28
Burmah Oil	52
Conroy Petlm	12
Gaelic Res	4½
Premier	10
Shell	37
Tuskar Res	10
Ultramar	31

Mines	
Lonrho	20
RTZ	45

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

High Income						
American Income	6	52.02	52.58	55.93	+1.14	4.78
Gilts & Fixed Int	6	104.8	104.8	111.1	-0.4	9.40
High Inc Equity	6	133.7	137.3	146.0	+1.1	4.78
Worldwide Bond	6	191.1	191.1	203.3	+1.4	6.37
Capital Growth						
American Growth	6	192.9	194.6	207.0	+2.7	1.13
Asian Pacific	6	142.3	143.3	154.5	+2.6	0.08
Assets & Earnings	6	155.7	156.6	166.7	+4.8	2.86
Capital Reserve Acc	0	91.97	91.97	93.09	-0.15	[illegible]
Capital Reserve Inc	0	77.30	77.32	77.40	-0.12	7.75
Commodity & Energy	6	97.84	97.84	104.6	+1.7	0.00
Dividend & Growth	6	47.47	48.36	51.44		[illegible]
1992 Enterprise	6	62.48	63.79	67.86	+0.48	1.97
Euro Capital Acc	6	104.4	104.4	111.6	+0.7	0.80
Euro Capital Inc	6	100.5	100.3	107.2	+0.3	[illegible]
General	6	175.4	175.4	187.5	+2.3	2.67
International	6	[illegible]	62.15	[illegible]	[illegible]	0.76
Japan	6	103.7	104.6	111.2	+1.9	0.00
[illegible]	6	91.04	92.50	98.40	+1.99	1.58
UK Growth Acc	6	173.9	173.9	185.9	+1.2	1.74
UK Growth Dist	6	113.6	113.6	121.4	+0.8	2.67
US Emerging Cos	6	60.50	61.88	65.82	+2.17	0.00
Income & Growth	6	297.5	304.7	324.1	+8.0	3.16
Ethical	6	47.75	49.00	52.12	[illegible]	[illegible]

Abtrust Management Ltd (1200)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

Asian Inc & Growth	5½	32.90	32.96	35.19	+0.42	2.25
European	5½	93.07	93.28	99.49	+0.16	0.00
European Income	5½	88.78	88.78	94.70	+0.23	1.43
Exempt	1	758.80	758.8	783.2	+2.40	1.25
Exempt Income	3½	175.2	175.2	185.4	-0.70	4.63
Exempt American	3½	391.2	391.2	409.7	+4.20	1.42
Exempt Pacific	3½	272.9	272.9	286.9	+4.00	0.00
Extra Income	5½	42.66	42.66	45.54	+0.13	[illegible]

[illegible]

Phillips & Drew Unit Managers Ltd (1400)F
14 Finsbury Square, London EC2A 1PD 071-628 6070

Principal Unit Trust Mngmt Ltd (1600)F
16 South Park, Sevenoaks, Kent TN13 1AN 0732 740700

Prolific Unit Tst Mngrs Ltd (1600)F
222 Bishopsgate, London EC2 071-247 7544

[illegible]

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administration and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.
OFFER PRICE
The price at which units may be bought.
BID PRICE
The price at which units may be sold.
CANCELLATION PRICE
[illegible]
TIME
[illegible] The symbols are as follows: ▽ - 0001 to 1100 hours, ● - 1101 to 1400 hours, ▲ - 1401 to 1700 hours, ◆ - 1701 to midnight.
HISTORIC PRICING
[illegible]
FORWARD PRICING
[illegible]
SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information page.

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Abbey Life Assurance Co Ltd—Contd.

	Bid Price	Offer Price	+ or −	Yield Gross
Selective Acc.	351.1	369.6	+1.2	—
Prop. Ser. 4	363.8	383.0	—	—
Equity Ser. 4	157.7	166.0	+0.9	—
Man. Ser. 4	449.2	472.8	+2.0	—
Fixed Int. Ser. 4	215.6	226.9	−0.3	—
Indexed Inv. Ser. 4	144.8	152.6	−0.1	—
American Ser. 4	330.5	347.9	+3.8	—
Japan Ser 4	308.9	325.2	+4.0	—
European Ser 4	129.7	136.6	+0.3	—
High Inc. Ser. 4	471.1	495.9	+3.2	—
Money Ser 4	249.5	262.7	—	—
Intl Ser 4	115.7	121.8	+0.5	—
Custodian Ser. 4	104.6	110.2	+0.3	—
Pension Funds				
Property	647.9	682.1	—	—
Equity	2165.8	2280.4	+5.0	—
Selective	381.6	401.7	+1.3	—
Managed	860.4	905.7	+3.6	—
Security	492.9	518.9	—	—
Fixed Int.	258.1	271.7	−0.3	—
Indexed	157.7	166.0	−0.1	—
American	279.7	294.5	+4.0	—
Japan	327.8	345.1	+4.6	—
European	190.4	200.5	+0.4	—
High Income	130.4	137.3	+1.0	—
Ethical	119.7	126.1	+0.4	—
International	213.7	225.0	+0.3	—

Albion Life Assurance Ltd
The Glanty, Egham, Surrey TW2 9AT 0784 475350

	Bid Price	Offer Price	+ or −	Yield Gross
Managed	173.2	182.3	—	—
World Growth	147.4	155.1	+1.1	—
UK Equity	201.1	211.6	−0.4	—
UK Small Companies	169.0	177.8	+1.1	—
European	154.3	162.4	+0.5	—
Far Eastern	309.2	325.4	+8.9	—
Nth American	115.5	121.5	+2.5	—
Fixed Interest	125.2	131.7	−1.2	—
Index Linked Stks	141.6	149.0	−0.4	—
Money	127.9	134.6	−0.1	—
Pen Managed	221.3	232.9	—	—
Pen World Growth	161.0	169.4	+1.7	—
Pen UK Equity	285.8	300.8	−0.7	—
Pen UK Small Cos	214.4	225.6	+1.4	—

Black Horse Life Ass. Co Ltd
Mountbatten Hse, Chatham, Kent. 0634 834000
Life Funds

	Bid Price	Offer Price	+ or −	Yield Gross
Managed Invest Fd	341.29	359.26	+6.6	—
Income Fund	364.78	383.98	+13.08	—
Extra Income Fd	483.52	508.97	+11.15	—
Worldwide Growth Fd	379.66	399.65	−0.12	—
Balanced Fd	450.91	474.65	+12.53	—
Smlr Co's & Recy Fd	487.04	512.68	+3.78	—
Intl Technology Fd	384.04	404.26	+2.47	—
Nth Amer & Gen Fd	275.96	290.49	+1.56	—
Energy Intl Fd	153.70	161.79	−0.1	—
Pacific Basin Fd	319.40	336.22	+2.57	—
German Growth Fd	187.03	196.88	+0.45	—
Japan Growth Fd	185.22	194.97	−1.8	—
UK Growth Fd	149.06	156.91	+2.65	—
Contl Eur Grth Fd	105.78	111.35	+0.72	—
Nth Amer S.C. & Recy	152.77	160.82	−0.71	—
Property Fd	319.00	335.79	+0.05	—
Fixed Interest Fd	203.52	214.24	+1.27	—
Cash Fd	220.33	231.93	+0.09	—
Managed Fd		346.47	+10.08	—
Pension Funds				
Managed Pen Fd	140.95	148.37	+2.82	—
Fixed Int Pen Fd	102.27	107.66	+0.6	—
Property Pen Fd	151.93	159.93	+0.05	—
Cash Pen Fd	127.43	134.14	+0.1	—
UK Equity Pen Fd	125.32	131.92	+2.22	—
Nth Amer Pen Fd	127.66	134.59	+0.97	—
European Pen Fd	159.65	168.06	+1.12	—
Far East Pen Fd	113.50	119.48	+1.17	—
Mutual Funds				
Managed Growth	378.18	398.09	—	—
Managed Income	136.57	143.76	—	—

Britannia Life Ltd
190 West George St, Glasgow G2 2PA. 041-332 6462

	Bid Price	Offer Price	+ or −	Yield Gross
Pens Balnd Gth Fd Cp	34.60	37.10	+0.10	—
Pens Balnd Gth Fd Ac	43.00	46.10	+0.20	—
Cash Deposit Cap	27.50	29.30	—	—
Cash Deposit Accum	33.80	36.30	+0.10	—

CCL Assurance Ltd
74 Shepherds Bush Green, W12 8QD 081-740 7070
Life Funds

[illegible]

THER UK UNIT TRUSTS

INSURANCES

Continued on next page

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Norwich Union Life Insurance Soc.
Surrey Street Norwich NR1 3NG 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
With Profits Fd	101.47	106.81	+0.02	

Provident Mutual Life Assc. Assn.
Willian Rd, Hitchin, Herts SG4 0LP 0438 739000

Save & Prosper Group – Contd.

Scottish Amicable
150 St Vincent St, Glasgow 041-248 2323

Skandia Life Assurance Co Ltd – Contd.

Sun Life of Canada (UK) Ltd
Basing View, Basingstoke, RG21 2DZ 0256 841414

CMI Insurance Co Ltd – Contd.

Eagle Star Intl Financial Services

Fairmount Gins Reils Ltd
Castle Hse, London Rd, Tonbridge Wells 0892 515051

Gartmore Fund Managers Ltd

Hinton Hill (L & P) Ltd
1 The Crescent, Leatherhead, KT22 8DH 0372 377811

Hambros Fd Mgrs (CI) Ltd
PO Box 86, Guernsey

OFFSHORE AND OVERSEAS

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

MANAGEMENT SERVICES

OFFSHORE INSURANCES

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	Bid Price	Offer Price	+ or −	Yield Gross
Scimitar Worldwide Selection Fd Ltd – Contd.				
Bond Class Funds				
Ecu	Ecu9.38	9.90	......	–
Sterling	£9.26	9.76	......	–
US Dollar	$8.89	9.41	......	–
Worldwide	$9.25	9.78	......	–
Scrimgeour Kemp-Gee Mngmt., Jersey				
SKG Capital Fund	536.2	563.1	+8.5	–
SKG Income Fund	82.6	86.8	−0.1	7.49
Gilt Bond	184.2	193.9	......	–
TSB Trust Funds (CI)				
TSB Jsy Equity Fd	42.4	44.4	+0.5	2.98
TSB G'sey Equity Fd	42.4	44.4	+0.5	2.98
TSB Island Pension	240.8	253.6	......	–
TSB Gilt Fd (Jsy) Ltd	91.36	94.31	−0.08	11.66
Target Internat. Management (Jersey) Ltd				
Ivory Growth Fund	£12.56	12.73	......	1.56
Target Global Unit Tst	£9.77	10.08	+0.04	–
Target Intl A. Amal Unit Tst	£8.99	9.25	......	–
Target IPS Unit Port	£11.96	12.35	+0.09	–
International Bond Fund	129.00	136.00	......	–
Emaline Global Strtgy	£10.13	10.88	+0.10	–
Tyndall International (Jersey) Ltd				
Wall Street	256.8	269.7	+0.7	0.48
Far Eastern	609.5	639.9	+0.3	0.29
1992 Fd	305.8	321.2	−0.9	0.44
British Lion	227.9	239.4	+0.9	3.36
(Non-J. Acc Units)	726.5	762.9	+2.7	–
Gilt Fd	108.9	114.4	−0.8	10.49
(Accum Shares)	496.8	521.8	−3.4	–
Managed Currency Stlg	117.5	123.5	+0.1	–
Managed Currency Dllr	$1.355	1.424	+0.001	–
International	369.1	387.7	+0.2	–
Warburg Asset Management Jersey Ltd				
Ch Island & Int	£1.41	1.51	......	1.99
Energy Int	$125.47		......	–
Mercury Bond May 30	$27.82	27.82	......	5.09
Metals Trust May 17	£14.85	15.22	......	–
Merc Money Mkt Stlg	£34.78		......	–
Mercury International Inv Tst Ltd				
Cont'l Europe Fd	£82.92	88.77	+0.38	–
Nth America Fd	£46.99	49.88	+0.38	–
Japan Fd	£52.45	56.14	+0.35	–
Pacific Fd	£48.46	51.87	+0.84	–
Reserve Fd	£50.17	52.69	+0.1	–

JERSEY (REGULATED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or −	Yield Gross
Union-Investment-Gesellschaft GmbH				
Unifonds	DM37.73	39.70	......	–
Unirak	DM77.59	81.50	+0.10	–
Unirenta	DM35.02	36.10	+0.10	–
Warburg Inv Mngmt (Isle of Man) Ltd				
Mercury 90:10 Trust (Sicav)				
Dollar Fd BOPUPs	$10.22	10.23	......	–
Dollar Fd OPUPs	$11.00	11.07	......	–
Sterling Fd BOPUPs	£10.21	10.22	......	–
Sterling Fd OPUPs	£11.91	11.99	......	–
DM Fd BOPUPs	DM10.01	10.02	......	–
DM Fd OPUPs	DM10.56	10.63	......	–
Yen Fd BOPUPs	$7.70	7.71	......	–
Yen Fd OPUPs	$10.90	10.97	......	–
Wardley Investment Services Ltd				
Wardley S.E. Asia Tst	$13.26	13.96	+0.03	0.79
Japanese Warrants	$8.87	9.40	−0.09	–
Asian Warrants	$9.99	10.58	+0.09	–
European Warrants	$10.17	10.77	+0.11	–
Wells Fargo U.S. IT Fund				
NAV May 30	$9.92		......	–
Xiphias International Investment Fd Ltd				
Xiphias Int USD	$1.0031		......	–
Xiphias Int ECU	Ecu1.0087		......	–

Money Market Trust Funds

	Gross	Net	Cr Equiv CAR	Int. Cr
CAF Money Management Co Ltd				
48 Pembury Road, Tonbridge TN9 2JD			0732 770114	
Cafcash Deposit Fd	15.04	–	15.91	3-Mth
The COIF Charities Deposit Account				
2 Fore Street, London EC2Y 5AQ			071-588 1815	
Deposit	14.95	–	15.81	3-Mth
Gartmore Money Management Ltd				
2-3 White Hart Yard, London SE1R 1NX			071-236 1425	
Call Fund	14.55	11.35	15.36	6-Mth
7-day Fund	14.67	11.44	15.70	6-Mth
Special Fund	15.06	–	16.53	1-Mth
Dollar	7.00	5.46	7.45	3-Mth

Money Market Bank Accounts

	Gross	Net	Cr Equiv CAR	Int. Cr
Aitken Hume Bank plc				
30 City Road, EC1Y 2AY			071-638 6070	
Treasury Acc	13.50	10.53	14.60	Qtr
Mth Int Chq £1,000-£4,999	13.50	10.53	14.73	Mth
Mth Int Chq £5,000-£49,999	14.00	10.92	15.31	Mth
Mth Int Chq £50,000+	14.50	11.31	15.86	Mth
Allied Trust Bank Ltd				
97-101 Cannon St, London, EC4N 5AD			071-626 0802	
OMNA (£2,001+)	14.78	11.53	16.210	Mth
HICA (£2,001+)	13.90	10.84	15.196	Mth
PROMNA (£250,001+)	14.90	11.62	16.349	–
American Express Bank Ltd				
c/o American Express Financial Services Limited				
49 The Martlets, Burgess Hill				
West Sussex, RH15 9NW 0444 870088				
High Performance Cheque Account				
£1,000-£4,999	12.18	9.50	12.87	Mth
£5,000-£9,999	12.30	9.60	13.01	Mth
£10,000-£24,999	12.81	10.00	13.59	Mth

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar strong as D-Mark falls

THE PROBLEMS associated with uniting Germany overhung the foreign exchanges yesterday, depressing the D-Mark and boosting the dollar. A statement from Mr James Baker, US Secretary of State, appeared to offer no compromise on the issue of Germany being a member of Nato, as President George Bush began a summit meeting with Soviet President Mikhail Gorbachev.

At the same time the seen lack of cohesion within the Bundesbank on the subject of German monetary union also cast a shadow over the D-Mark. The central bank issued a statement yesterday that the treaty on monetary and economic union between the two Germanys had fulfilled Bundesbank demands. This was seen as an attempt to dispel speculation that the Bundesbank is at odds with the Government in Bonn, and was also regarded as a move to reinforce the authority of Mr Karl Otto Pöhl, the Bundesbank president. Earlier this week Mr Pöhl spoke out against critical comments made by some regional members of the Bundesbank board, after suggestions that Bonn had ignored Bundesbank reservations about the terms for monetary union.

The D-Mark weakened against most major currencies, and was particularly depressed against the dollar. Expectations that today's US employment data will show a strong rebound in job creation underpinned the dollar. A rise of about 230,000 is expected in May non-farm payrolls, after the low April figure of 64,000. A fall in April US factory orders was widely forecast, but the drop of 2.3 per cent was larger than expected. However, it had little impact on the dollar.

At the London close the US currency had climbed to DM1.6990 from DM1.6815; to SFr1.4325 from SFr1.4205; to FFr5.7300 from FFr5.6700; and to Y152.60 from Y151.30. Its index rose to 67.8 from 67.3.

The D-Mark lost ground to the Japanese yen, falling to Y89.80 from Y89.98, and was also weak in terms of the Italian lira. The Bank of Italy supported the D-Mark, buying DM165m at the Milan fixing. It finished in London at L735.60, against L735.65 on Wednesday. The Italian central bank also bought Ecu52m and FFr731m to limit the lira's advance against other members of the European Monetary System, after Mr Paolo Pomicino, the Italian Budget Minister, ruled out another cut in the Bank of Italy's discount rate. This heavy intervention came as the French franc was fixed at its floor of L218.13 in Milan.

Sterling had a soft undertone, following Wednesday's speech by Mr John Major, the UK Chancellor, when he dashed hopes of early UK membership of the EMS Exchange Rate Mechanism. The pound fell 1¼ cents to $1.6770, but rose to DM2.8500 from DM2.8450 and to FFr9.6100 from FFr9.5925, while holding steady at Y256.00 and SFr2.4025. Sterling's index fell 0.4 to 89.0.

£ IN NEW YORK

May 31	Latest	Previous Close
£ Spot	1.6795-1.6805	1.6935-1.6945
1 month	0.96-0.95pm	0.98-0.97pm
3 months	2.77-2.75pm	2.88-2.86pm
12 months	9.24-9.17pm	9.28-9.21pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

	£	$
Hong Kong	13.0545-13.0680	7.7800-7.7820
Iran	118.20*	69.25*
Korea(Sth)	1196.25-1215.60	709.50-715.10
Kuwait	0.4915-0.4925	0.2910-0.2915
Luxembourg	58.45-58.55	34.85-34.95
Malaysia	4.5295-4.5410	2.7015-2.7035
Mexico	4768.10-4772.65	2839.00-2840.00
N. Zealand	2.9075-2.9120	1.7315-1.7335
Saudi Ar.	6.3330-6.3390	3.7495-3.7505
Singapore	3.1055-3.1130	1.8520-1.8540
S. Af (Cm)	4.4600-4.4760	2.6555-2.6585
S. Af (Fn)	6.4570-6.5840	3.8460-3.9215
Taiwan	46.00-46.10	27.40-27.45
U.A.E.	6.2010-6.2080	3.6715-3.6735

*Selling rate

EURO-CURRENCY INTEREST RATES

May 31	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	15⅛-14⅞	15⅛-15	15⅛-15⅛	15⅜-15⅛	15⅜-15⅛	15⅛-15
US Dollar	8⅜-8⅛	8¼-8⅛	8⅜-8⅛	8⅜-8⅛	8½-8⅜	8⅝-8½
Can Dollar	13¾-13½	13¾-13½	13⅝-13⅜	13⅝-13⅜	13⅝-13⅜	13⅛-12⅞
D. Guilder	8-7¾	8-7¾	8⅛-8	8¼-8⅛	8⅝-8⅜	8⅞-8⅝
Sw. Franc	9-8¾	9-8¾	8⅞-8⅝	8⅞-8⅝	8¾-8½	8¾-8½
Deutschmark	7⅞-7⅝	7⅞-7⅝	8-7¾	8¼-8⅛	8⅜-8⅛	8⅞-8⅝
Fr. Franc	9¾-9½	9⅝-9⅜	9⅞-9⅝	9⅞-9⅝	10⅛-10	10⅜-10⅛
Italian Lira	13-11	12¼-11½	11¾-11⅜	11⅞-11⅝	11¾-11½	12⅛-11⅞
Belgian Franc	10⅜-10⅛	10-9¾	9⅝-9⅜	10-9¾	10⅜-10⅛	10⅜-10⅛
Yen	7⅜-7⅛	7⅜-7⅛	7⅜-7⅛	7⅜-7⅛	7⅜-7⅛	7⅜-7⅛
D. Krone	10⅜-10⅛	10⅜-10⅛	10⅝-10½	10⅝-10½	10⅝-10½	10⅝-10⅜
Asian $Sing	8⅜-8⅛	8⅜-8⅛	8⅜-8⅛	8⅜-8⅛	8½-8⅛	8⅝-8⅜

Long term Eurodollars: two years 9-8⅞ per cent; three years 9⅛-9⅛ per cent; four years 9⅜-9⅛ per cent; five years 9⅜-9⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

POUND SPOT- FORWARD AGAINST THE POUND

May 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6750-1.6920	1.6765-1.6775	0.97-0.95cpm	6.87	2.78-2.75pm	6.60
Canada	1.9670-1.9800	1.9680-1.9690	0.23-0.15cpm	1.16	0.64-0.51pm	1.17
Netherlands	3.19¼-3.21¼	3.20¼-3.21¼	2-1¼cpm	7.01	5⅛-5⅜pm	6.78
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.32-5.27cpm. 12 month 9.20-9.16cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

May 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK	1.6750-1.6920	1.6765-1.6775	0.97-0.95cpm	6.87	2.78-2.75pm	6.60
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu May 31	% change from central rate	% change adjusted for divergence	Divergence limit %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

May 31	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.677	2.850	256.0	9.610	2.403	3.208	2096	1.966	58.50
$	0.596	1	1.699	152.7	5.730	1.433	1.913	1250	1.172	34.88
DM	0.351	0.588	1	89.82	3.372	0.843	[illegible]	[illegible]	[illegible]	[illegible]
YEN	3.906	6.551	11.13	1000.	37.54	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	1.041	1.745	2.966	266.4	10.	2.501	3.338	2181	2.049	60.87
S Fr.	0.416	0.698	1.186	106.5	3.999	1	1.335	872.2	0.819	24.34
H Fl.	0.312	0.523	0.888	79.80	2.996	0.749	1	653.4	0.614	18.24
Lira	0.477	0.800	1.360	122.1	4.585	1.146	1.531	1000.	0.939	27.91
C $	0.509	0.852	1.447	130.0	4.881	1.220	1.629	1064	1	29.71
B Fr.	1.709	2.867	4.872	437.6	16.43	4.108	5.484	3583	3.366	100.

Yen per 1,000. French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100% — [illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS $100,000 64ths of 100% — [illegible]

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100% — [illegible]

LIFFE EUROMARK OPTIONS DM1m points of 100% — [illegible]

LIFFE EURODOLLAR OPTIONS $1m points of 100% — [illegible]

LIFFE SHORT STERLING OPTIONS £500,000 points of 100% — [illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT £50,000 32nds of 100% — [illegible]

US TREASURY BONDS 8% $100,000 32nds of 100% — [illegible]

6% NOTIONAL GERMAN GOVT. BOND DM250,000 100ths of 100% — [illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100% — [illegible]

THREE MONTH STERLING £500,000 points of 100% — [illegible]

THREE MONTH EURODOLLAR $1m points of 100% — [illegible]

THREE MONTH EUROMARK DM1m points of 100% — [illegible]

THREE MONTH ECU ECU 1m points of 100% — [illegible]

FT-SE 100 INDEX £25 per full index point — [illegible]

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6770	1.6674	1.6494	1.6296	1.5849

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Jun	1.6736	1.6774	1.6702	1.6902
Sep	1.6470	1.6506	1.6430	1.6638
Dec	-	-	1.6230	1.6398

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100% — [illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100% — [illegible]

SWISS FRANC (IMM) SFr 125,000 $ per SFr — [illegible]

JAPANESE YEN (IMM) Y12.5m $ per Y100 — [illegible]

DEUTSCHE MARK (IMM) DM125,000 $ per DM — [illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100% — [illegible]

STANDARD & POORS 500 INDEX $500 times index — [illegible]

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1) — [illegible]

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES MAY 30 — [illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF) MAY 30 — [illegible]

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate) MAY 30

	Open	Close	Change	High	Low	Yield	Open int.
June	90.14	90.11	-0.01	90.14	90.10	9.89	11,254
September	90.10	90.07	-	90.11	90.06	9.93	8,936
December	90.03	90.03	+0.03	90.03	90.02	9.98	2,607
March	-	-	-	-	-	10.00	174

Estimated volume 3,566 Total Open Interest 22,970

CAC-40 FUTURES (MATIF) Stock index. MAY 30

	Open	Close	Change	High	Low	Open int.
May	2145.0	2116.0	-12.0	2145.0	2115.5	2,200
June	2148.0	2136.0	-15.0	2150.0	2136.0	3,537
July	2140.0	2144.0	+13.0	2144.0	2140.0	546
September	-	-	-	-	-	10

Estimated volume 7,993 Total Open Interest 6,293

BASE LENDING RATES

	%		%		%
ABN Bank	15	Coutts & Co	15	NatWestminster	15
Adam & Company	15	Cyprus Popular Bk	15	Northern Bank Ltd	15
Allied Trust Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
Allied Irish Bank	15	Duncan Lawrie	15	Provincial Bank PLC	16
● Henry Ansbacher	15	Equatorial Bank plc	15	Roxburghe G'rantee	15½
Associates Cap Corp	15½	Exeter Trust Ltd	15½	Royal Bk of Scotland	15
● B & C Merchant Bank	15	Financial & Gen. Bank	15	Royal Trust Bank	15
Bank of Baroda	15	First National Bank Plc.	16½	● Smith & Williamson Secs.	15
Banco Bilbao Vizcaya	15	● Robert Fleming & Co.	15	Standard Chartered	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs.	15½	TSB	15
Bank of Cyprus	15	Girobank	15	Unibank Plc	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Westpac Bank Corp.	15
Beachmark Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15½
Brit. Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
Comm. Bk. N. East	15	Mount Banking	15		
Co-operative Bank	*16	Nat Bk. of Kuwait	15		

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MONEY MARKETS

London rates firmer

INTEREST RATES had a firmer tone in London yesterday, as speculation faded that sterling would soon become a full member of the EMS. Dealers noted that Mr John Major, the UK Chancellor, had given no hint of early entry into the EMS Exchange Rate mechanism when he spoke in Paris on Wednesday, but he did not rule out a rise in bank base rates.

Three-month sterling interbank rose to 15⅜-15¼ per cent from 15¼-15⅛, while 12-month money firmed to 15¼-15 per cent from 15-14⅞.

UK clearing bank base lending rate 15 per cent from October 5

Short sterling futures fell back following the Chancellor's comments. September delivery opened weak at 85.28 and touched a low of 85.23, before closing at 85.29, against 85.34..

Day-to-day credit was in very short supply again on the money market. The Bank of England initially forecast a shortage of £1,250m, but revised this to £1,150m at noon and to £950m in the afternoon. Total assistance of £1,023m was provided.

An early round of help was offered and at that time the authorities bought £503m bills, including £47m bank bills outright, in band 1 at 14⅞ per cent. Another £456m bills were purchased for resale to the market on June 11 at a rate of 14⅞ per cent.

Before lunch a further £107m bills were bought outright, by way of £35m bank bills in band 1 at 14⅞ per cent; £10m Treasury bills in band 2 at 14¾ per cent; and £62m bank bills in band 2 at 14¾ per cent. In the afternoon the Bank of England purchased £284m bank bills in band 1 at 14⅞ per cent and provided late assistance of around £165m.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,086m, with Exchequer transactions absorbing £110m, and a rise in the note circulation £75m. These outweighed bank balances above target adding £40m to liquidity.

In Frankfurt call money fell sharply as the money market became awash with surplus liquidity. Some banks did not quote a bid rate for funds, but rates were generally in a range of about 2-5 per cent, compared with 7.70-7.80 per cent on Wednesday. Banks reserve holdings at the Bundesbank averaged DM59.5bn for the first 29 days of May, above the requirement for the whole month of DM59.1bn.

A meeting of the Bundesbank council left credit policies unchanged yesterday.

FT LONDON INTERBANK FIXING

(11.00 a.m. May 31)	3 months US dollars		6 months US Dollars	
	bid 8¼	offer 8⅜	bid 8⅜	offer 8½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

(Lunchtime)					
Prime rate	10	One month	7.36	Three year	8.59
Broker loan rate	9½	Two month	7.59	Four year	8.62
Fed funds	8⅛	Three month	8.01	Five year	8.58
Fed funds at intervention	-	Six month	8.10	Seven year	8.67
		One year	8.23	10-year	8.63
		Two year	8.52	30-year	8.61

May 31	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	2.00-5.00	7.90-8.00	8.10-8.20	8.15-8.25	8.40-8.55	8.00
Paris	9⅞-10	9⅞-9⅞	-	9⅞-9⅞	-	9.50
Zurich	8⅞-8⅝	8⅞-8⅝	-	8⅞-8⅞	-	-
Amsterdam	7.81-7.94	8.05-8.15	-	8.18-8.28	-	-
Tokyo	7⅞-7⅞	7⅞-7⅞	-	7⅞-7⅞	-	-
Milan	11⅞-11⅞	12-12⅞	-	12-12⅞	-	-
Brussels	6.40	9⅞-9⅞	-	9⅞-9⅞	-	-
Dublin	12¼-12⅛	10⅞-10⅞	10⅞-11	10⅞-11⅛	11⅛-11⅛	-

LONDON MONEY RATES

May 31	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15½	15⅛	15⅛	15⅜	15⅜	15⅛
Interbank Bid	15	15	15⅛	15¼	15¼	15
Sterling CDs	-	-	15⅛	15⅜	15⅜	14⅞
Local Authority Deps.	15⅛	15⅛	15⅛	15⅜	15⅜	15⅛
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	15½	15	14⅞	14⅞	-	-
Company Deposits	-	-	15⅜	15¼	15¼	15⅜
Finance House Deposits	-	-	15⅛	15¼	15⅛	15⅜
Treasury Bills (Buy)	-	-	14⅞	14⅞	-	-
Bank Bills (Buy)	-	-	14⅞	14⅞	14⅞	-
Fine Trade Bills (Buy)	-	-	15⅜	15⅜	14⅞	-
Dollar CDs	-	-	8.25	8.30	8.42	8.60
SDR Linked Dep Offer	-	-	8⅞	9⅛	9⅜	9⅝
SDR Linked Dep. Bid	-	-	8⅞	8⅞	9⅛	9¼
ECU Linked Dep Offer	-	-	10⅛	10⅜	10⅜	10⅝
ECU Linked Dep. Bid	-	-	9⅞	10⅛	10⅜	10½

Treasury Bills (sell), one-month 14⅞ per cent; three months 14⅞ per cent; Bank Bills (sell); one-month 14⅞ per cent, three months 14⅞ per cent. Treasury Bills; Average tender rate of discount 14.4592 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day May 31, 1990. Agreed rates for period June 26,1990 to July 24, 1990, Scheme I: 15.91 p.c., Schemes II & III: 16.44 p.c. Reference rate for period May 1,1990 to May 31, 1990, Scheme IV&V: 15.201 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from June 1, 1990. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent, nine-twelve months 13 per cent, Under £100,000 11½ per cent from Oct 9,1989. Deposits withdrawn for cash 5 per cent

SOURCE Perrier

PERRIER GROUP SELLS THE BULK OF ITS SOFT DRINKS BUSINESS TO CADBURY SCHWEPPES

Following discussions with a number of corporations since September 1989, the Perrier group has just signed an agreement transferring most of its holdings in soft drinks to the UK's Cadbury Schweppes.

The sale price has been set at £125 million (approximately FF 1.2 billion), adding a gross capital gain of around FF1 billion to the group's 1990 consolidated accounts.

Assets sold include the Oasis, Bali and Atoll soft-drink brands, a licence for bottling and distributing Gini, and three bottling plants in france. After discounts expenses, revenues from these activities in 1989 accounted for FF872 million out of a total of FF1.1 billion for Perrier's soft drink division.

The part of business retained by the division includes the Pschitt and Mambo brands and their production and distribution,as well as an exclusive bottling and distribution licence for Pepsi-Cola.

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The interest payment date will be 30th November 1990.

Agent Bank

Deutsche Bank Luxembourg S.A.

GRANVILLE
SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
343	290	Ass. Brit. Ind. Ordinary	290	-2	10.3	3.6	7.8
38	19	Armitage and Rhodes	25	0	-	-	-
210	135	Bardon Group (SE)	146xd	0	4.3	2.9	14.2
125	96	Bardon Group Cv Pref (SE)	96xd	0	6.7	7.0	-
123	74	Bray Technologies	79	0	5.9	7.5	7.0
110	82	Bremhill Conv. Pref	82	0	11.0	13.4	-
315	285	CCL Group Ordinary	308xd	0	18.7	6.1	2.4
176	163	CCL Group 11% Conv.Pref	163	0	14.7	9.0	-
225	140	Carbo Plc (SE)	210xd	0	7.6	3.6	12.4
110	109	Carbo 7.5% Pref (SE)	110	0	10.3	9.4	-
7.5	0.125	*Magnet Gp Non-VotingA Cnv	0.125	0	-	-	-
5	0.125	*Magnet Gp Non-VotingB Cnv	0.125	0	-	-	-
130	80	Isis Group	80	0	8.0	10.0	4.6
145	58	Jackson Group (SE)	108xd	0	3.6	3.3	12.6
340	243	Multihouse NV (AmstSE)	330	-10	-	-	-
158	98	Robert Jenkins	135	0	10.0	7.4	4.9
467	340	Scruttons	340	-3	20.0	5.9	8.4
165	106	Unistrut Europe Conv Pref	160xd	0	9.3	5.8	-
395	245	Veterinary Drug Co. PLC	245	0	22.0	9.0	6.6
372	278	W.S Yeates	370	0	16.2	4.4	30.8

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(3, 6, 6)

JOTTER PAD

CROSSWORD

No.7,252 Set by VIXEN

ACROSS

1 One medico finds the French way so wet! (6)
4 Could well be in credit, being crooked (8)
10 Cutting support, keeping in charge (7)
11 The story-teller's doubly right about cheer (7)
12 Forced retirement in the Netherlands (4)
13 Readers put off flights (10)
15 T-junction muddle (6)
16 Telephone call from a woman all at sea (7)
20 Sent aid for distribution, and that's good (7)
21 Make some effort to tear after the 20 man (6)
24 One lives, it may appear, for entertainment (10)
26 A server of drinks in the beauty salon (4)
28 There's more behind an old palace (7)
29 Excuse for writing a foreword? (7)
30 Struggles against guards (8)
31 Landlord offering inferior alternative (6)

DOWN

1 Trendy parties – coppers go in to make checks (8)
2 The UK representative (9)
3 Individual, yet a part of the community (4)
5 Speaks of tars near mutiny (8)
6 "— him, I say, quite from your memory," advised Mrs Malaprop (10)
7 A consumer making a point over rate being altered (5)
8 Mavis's childish complaint (6)
9 About in time for match (5)
14 Lines conveying absolutely nothing? (5,5)
17 Quiet lionesses in a knot (9)
18 Rush around a boy, showing thought (8)
19 One really doesn't like investigation into animals (8)
22 Not an upright type (6)
23 Organisations accepting work making cages (5)
25 Having left school, this should be revealed (3,3)
27 Sound seed yield (4)

Solution to Puzzle No.7,251

WORLD STOCK MARKETS

CANADA

TORONTO
2pm prices May 31

Quotations in cents unless marked $.

Sales	Stock	High	Low	Close	Chng
2087	AMCA Int	355	355	355	
26288	Abitibi Pr	$16½	16⅜	16½	− ¼
1000	Acklands	$7	7	7	
53400	Agnico E	$8⅞	7⅞	8⅞	+ ⅜
18776	Albrta En	$16⅝	16½	16½	− ⅛
650	Albrta N	$17⅜	17⅜	17⅜	− ⅛
851607	Alcan	$27⅛	26⅞	26⅞	+ ⅛
123186	A Barrick	$22½	21⅝	22	
4750	Atco I f	$10⅝	10⅝	10½	
209622	BCE Inc	$39⅝	39⅛	39½	+ ⅛
14853	BCE D	35	34	34	
93985	BCE Mobl	$22½	22¼	22½	+ ⅛
1279	BC Sugar A	$15	15	15	− ⅛
1700	BGR A	$9⅝	9½	9⅝	
15900	BP Canada	$18¾	18½	18⅝	+ ⅛
121168	Bk Montl	$28¾	28½	28⅝	+ ⅛
80117	Bk NScot	$14	13¾	14	+ ⅛
29000	Belmoral	28	28	28	+ 1
2400	Bombdr A	$18	17⅞	18	+ ⅛

INDICES

NEW YORK ACTIVE STOCKS

TRADING ACTIVITY

TOKYO - Most Active Stocks
Thursday May 31 1990

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FINANCIAL TIMES

3pm prices May 31

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
37½	20¼	AAR	.48	2.3	13	468	21½	21	21¼	
9¼	8	ACM n	1.01	11.		201	9	8⅞	9	+ ⅛
11⅝	9⅛	ACMIn	1.26	13.		982	10	9⅞	9⅞	– ⅛
9⅞	7¼	ACM M n	1.01	13		276	7⅞	7¾	7¾	
12⅛	10	ACMMM				39	10¼	10⅛	10¼	
11½	9⅜	ACM Sc	1.26	13.		743	9⅝	9⅝	9⅝	
9⅛	8⅛	ACMSp	1.01	12.		245	8⅜	8¼	8⅜	
23¾	14⅝	AL Lab	.16	.7	21	294	23⅜	22⅝	23¼	+ ⅜
4⅛	3	AMCA	.20e	6.4	9	42	3⅛	3⅛	3⅛	
5⅞	2⅛	AM Intl				291	2⅜	2¼	2¼	
23⅛	10¼	AM In pf	2	16.		83	12¼	12⅛	12⅛	– ⅛
107¼	52½	AMR			12	2892	64¼	63¼	63⅞	– ½
24⅞	22¼	ANR pf	2.12	8.8		115	24	24	24	
4¾	3	ARX				254	3½	3⅜	3½	
72⅞	39½	ASA	3a	6.2		454	48½	48	48⅜	+ ⅜
74⅝	55¼	AbtLab	1.68	2.3	19	1708	74⅝	73⅞	74½	+ ⅜
37½	27⅝	AbtLb wi				81	37⅜	37	37¼	
16¾	11¼	Abitibi g	.50			37	13⅛	13⅛	13⅛	
13	8⅛	AcmeC	.40	4.4	11	15	9⅛	9	9⅛	+ ⅛
9¼	7⅝	AcmeE	.32	3.6	11	13	9	8⅞	9	– ⅛
41⅞	28⅝	Acuan			24	371	40¼	39⅝	40⅛	+ ¼
19½	13¼	AdaEx	2.06e	13		44	16¼	16	16⅛	+ ⅛
15⅝	9¼	Adobe				23	12	11¾	11¾	– ¼
20¼	17¾	Adob pf	1.84	9.7		29	19	19	19	
21⅝	20½	Adob pf	2.40	11		2	20⅞	20⅞	20⅞	– ¼
11⅛	6⅞	AMD			23	4250	10⅝	10½	10⅝	
35	28¼	AMD pf	3	9.5		12	31⅞	31½	31½	– ⅛
10⅛	4⅛	Advest	.16	3.4	59	73	4⅞	4⅝	4⅝	
52½	45¼	AetnLf	2.76	5.3	9	1299	52⅜	52⅛	52⅜	– ⅛
14	9¼	AfilPb	.24	2.3		133	10½	10⅜	10⅜	+ ⅛
25	16⅛	Ahmans	.88	4.2	10	1965	21¼	20⅞	21⅛	
3⅞	1⅞	Aileen				48	2⅜	2⅛	2⅛	
56¼	40	AirPrd	1.32	2.3	15	3263	u58	56⅞	57½	+ 1⅜
24⅞	13	AirFrt s			14	548	22½	20⅞	21⅞	– 1⅜
26⅛	15½	Airgas			27	193	17⅞	17⅛	17½	+ ¼
20¼	16½	Airlease	2.40	14	8	107	17	16½	16⅞	+ ¼
10¼	9	AlaP dpf	.87	9.4		29	9⅜	9¼	9⅜	
93	85	AlaP pf	9.16	9.5		z200	85½	d84	85½	+ ⅜
30½	19¼	AlskAir	.20	.9	17	78	23⅛	22⅞	23	+ ⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 43

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- X-Y-Z -								
55½	45⅝	Xerox	3	6.3	8	7080	48⅛	46⅝	47⅞	+ ⅞
46	44⅝	Xerox pf4.13		8.9		5	46½	46½	46½	- ⅞
35	21⅞	XTRA	.48e	2.0		100	24⅜	24	24⅜	+ ⅞
29½	19⅞	XTRA pf1.94		9.6		10	20¼	20¼	20¼	-
4⅛	2	Zapata				143	2⅛	2⅛	2⅛	- ⅛
12⅞	6⅛	Zemex				10	6⅝	6⅝	6⅝	
21⅞	7⅞	Zenith				552	9⅛	9⅛	9⅛	+ ⅛
21½	13⅞	ZenNtl	.88	5.8	9	226	15⅛	15⅛	15⅛	- ⅛
9⅛	6⅝	Zenix	.90	15.		514	6⅛	6⅝	6⅝	+ ⅛
19½	12⅞	Zero s	.40	2.8	14	218	14⅝	14⅝	14⅝	
47⅝	32⅞	Zurnin	.75	1.6	21	666	46⅝	46⅝	46⅝	
12⅞	10⅝	Zweig	1.21e	10.		283	11⅝	11⅝	11⅝	- ⅛
10	9	ZweigTl	.88	10.		953	9⅛	9⅛	9⅛	+ ⅛

Sales figures are unofficial.Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months.g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months,plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales infull. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices May 31

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

NASDAQ NATIONAL MARKET

3pm prices May 31

Stock	Div.	Sales 100s	High	Low	Last	Chng
[illegible]						

FINANCIAL TIMES
Friday June 1 1990

AMERICA

Profit-taking gives way to modest buying again

Wall Street

AFTER a string of record highs, the US equity market is finding it tough to make further progress although a minor bout of profit-taking early yesterday morning gave way yet again to modest buying, *writes Janet Bush in New York.*

At 2pm, the Dow Jones Industrial Average was quoted 7.59 higher at 2,886.15 on relatively active volume of 108m shares. The Dow had closed 8.06 higher on Wednesday at a record close of 2,878.56.

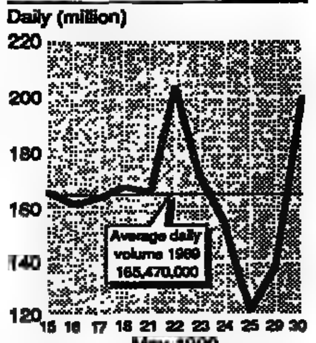
The market's early pause came partly on defensive stock markets in Europe, partly put under pressure by a stronger dollar, and then on an early bout of selling of IBM which has been a definite market leader in recent sessions. At one point, IBM was quoted $1 lower but then the stock recovered to stand around $¼ higher before dipping back at midsession to stand unchanged at $120¾.

The selling of IBM came on rumours that Hitachi of Japan would soon unveil a mainframe computer which is faster than IBM's equivalent model. Other stocks which have been leading the market higher generally made small gains. Coca-Cola added $⅜ to $45⅝, Pepsi-Cola gained $1 to $74¼, Compaq Computer rose $⅝ to $120⅛ and Waste Management edged $⅛ higher to $40.

The most obvious loser of the morning session was Tonka, the toy manufacturer, whose shares slumped $2⅞ to $7⅛ after the company said that it expected to report a significant loss in its second quarter because of lower sales.

The mood of the market still appears to be relatively positive. There is, however, a more pessimistic view which argues that only relative stability in the bond market is sustaining the equity market at these price levels. If today's May employment release is stronger than expected, the Treasury market could look very vulnerable indeed and start to drag stocks lower.

NYSE volume



The most important piece of economic news yesterday was a report from Chicago purchasing managers which showed a much stronger manufacturing sector. The national purchasing managers' report is due today and is now also expected to show more strength than earlier anticipated.

Profit-taking continued on two issues which have been under pressure all week. LA Gear fell $1⅝ to $42 and Avery International dipped $⅝ to $23⅞. On the over-the-counter market, Tyco Toys jumped $2¾ to $27⅞ after an unsolicited offer to buy the company. It did not name the suitor.

Canada

TORONTO stocks firmed at midsession on hopes that provincial ministers might be close to solving the Meech Lake constitutional impasse. The composite index climbed 17.3 to 3,582.8 on volume of 15.31m shares. Advances led declines 246 to 221.

Among industrials, Nova rose C$⅜ to C$8½. Alcan climbed C$½ to C$26⅞ and T-D was flat at C$18. National Bank was unchanged at C$9 and the Royal Bank rose C$¼ to C$23⅝ after the release of second quarter earnings.

Shell Canada lost C$⅛ to C$38⅜ after it said it will cut 800 from its workforce. Imperial Oil class A shares lost C$⅛ to C$58⅛ on reports that it would lay off 2,000 employees.

Emerging markets teach investors a lesson

William Cochrane looks at recent losers in Taiwan, and winning ways in Venezuela

THE FOUR WEEKS to May 25 gave a graphic demonstration of how investors in emerging markets can lose money, almost as easily as they can win.

Losers in the list of emerging markets covered by the International Finance Corporation are led by Taiwan, which shows a dollar-adjusted 36 per cent drop over the period. As it happens, the Taipei Stock Exchange's weighted index hit its low for the year of 6,146.44 on May 25, against a February 10 high of 12,495.34.

The last week alone saw a drop of over 17 per cent. Political confusion, a growing capital outflow and decreasing exports had led, through pessimism and rapidly reducing stock market volume, to a period of utter dejection. Subsequently, perceptions and share prices have improved.

Taiwan's performance was the main reason why the Asian components of the IFC list showed an 18 per cent drop over the four-week period. However, the Philippines contributed, with a 12.5 per cent decline on terrorist activity, and political uncertainty which developed later in the month into rumours of a further political coup attempt.

Latin America came out better, with a 3.4 per cent rise over the period. Its big winners were Venezuela and Mexico.

Venezuela, in stock market terms, is seen as one of the new, exciting places in Latin America, a big oil producer which should follow others, like Mexico, into the financial big time. The Caracas stock exchange began operations in 1978. It now has 43 registered brokers. Its sister Maracaibo exchange, founded in 1987, is being developed to serve as the capital market for the western region of the country.

The Caracas market fell 50 per cent at one point last year, following the introduction of a single floating exchange rate and the liberalisation of interest rates. But a significant recovery has been taking place recently as the result of a progressive reduction in interest rates and the opening of the market to foreign investors.

Mexico is having a phenomenal run, in a revival based on the political credibility of its new president, Mr Carlos Salinas de Gortari. Ms Gillian Graham, of Latin American Securities in London, says that there is a great feeling of confidence and notes that the reprivatisation of the banking system could be a bull point. This week the president of the Association of Mexican Banks said that foreign banks will be able to participate as minority investors in the new mixed banking system, possibly up to 49 per cent.

She says: "All this talk of privatisation, coupled with Mexico's recent decision to hold talks with the US on a free trade agreement, is going to inspire a lot of people to come into the market."

IFC EMERGING MARKETS PRICE INDICES

Market	No. of stocks	May 25 1990	% Change over 4 weeks (Dollar terms)	% Change on Dec '89 (Dollar terms)	May 25 1990 (Local currency terms)	% Change over 4 weeks (Local currency terms)	% Change on Dec '89 (Local currency terms)
Latin America							
Argentina	(24)	284.53	+1.4	−32.2	8,247,237	+5.1	+160.8
Brazil	(56)	75.25	-9.5	−39.3	1,220,295	-4.6	+184.9
Chile	(28)	669.08	−6.3	+8.1	1,513.88	−4.5	+7.7
Colombia	(20)	259.50	+3.2	+13.9	1,087.69	+4.8	+28.5
Mexico	(54)	754.66	+17.9	+29.4	11,033.67	+19.1	+38.3
Venezuela	(13)	158.40	+30.5	+110.4	975.75	+40.0	+123.4
East Asia							
Korea	(63)	387.57	+12.1	−16.3	326.95	+12.1	−13.2
Philippines	(29)	1,421.10	−12.5	−26.3	1,607.36	−12.0	−24.3
Taiwan, China	(64)	825.06	−36.0	−37.4	572.63	−33.3	−34.2
South Asia							
India	(60)	202.16	+1.1	−1.0	280.07	+0.9	+1.3
Malaysia	(62)	157.35	+12.4	+3.5	174.92	+11.6	+3.4
Thailand	(34)	418.47	+13.0	+4.6	396.46	+12.4	+5.0
Europe/Middle East							
Greece	(26)	601.37	+8.2	+113.5	773.25	+9.0	+125.7
Jordan	(25)	99.71	+2.0	+7.7	175.43	+2.0	+12.1
Portugal†	(27)	627.02	+3.1	−8.0	589.48	+0.8	-10.2
Turkey‡	(18)	339.52	+12.7	+39.9	1,131.32	+14.4	+54.0

Source: International Finance Corporation. Base date: Dec 31,1984 †Jan 1986 = 100. ‡Dec 1986 = 100

EUROPE

Special situations enliven holiday mood on bourses

SPECIAL SITUATIONS provided the main interest in bourses yesterday, as bourses moved towards the Whitsun weekend, *writes Our Markets Staff.*

AMSTERDAM saw panic selling of NMB on rumours that the bank had suffered a loss of Fl 100m from currency swaps in South America and that the Dutch state would sell its remaining 23 per cent stake, all hotly denied by the bank. The stock fell to a low of Fl 49.80 before closing Fl 1.20 lower at Fl 52.30 on heavy volume of 176,786 shares.

Also actively traded was the trading and transport group Van Ommeren Ceteco, which gained Fl 1.60 to Fl 40.60 on takeover rumours. The CBS Tendency index closed steady at 120.5.

ZURICH eased on profit-taking, the Crédit Suisse index easing to 652.1 from 655.3. The engineering company, Georg Fischer, fell SFr120 to SFr2,270 after a shareholder, Charmilles, announced that it has sold its 10 per cent holding to the three largest banks in Switzerland, which will place the shares on the open market.

PARIS closed lower as trading concentrated on selected stocks. Traders were getting increasingly nervous about the market's short term prospects after rumours of early, and big rights issues from Total, the insurer GAN and Générale des Eaux. The CAC 40 index fell 13.29 to 2,107.51, though off its lows of 2,094.12. Volumes slipped to around FFr2¾bn from Wednesday's FFr3.6bn.

Lafarge was the most actively traded stock, soaring FFr23 to FFr491 with 686,130 shares traded on continued speculation of stake-building. The activity prompted the company to issue a a statement that it was not worried by the unusually high turnover. Elf, which said it would issue new capital of some FFr5.6bn reserved for the state as part of its purchase of the state-owned chemicals firm Orkem, slipped FFr6 to FFr704. Lyonnaise Des Eaux dropped FFr6 to FFr737 after it announced that it would issue a convertible bond for FFr2bn to FFr2.5bn.

LVMH slumped to FFr4,592 in an initial reaction to news that it planned to buy another 6.8 per cent of Guinness of the UK to bring its total stake to around 24 per cent. But the market later decided that closer ties between the two companies would be beneficial, and the stock recovered to close FFr53 lower at FFr4,660.

Paribas and Navigation Mixte both fell after Wednesday's news to cut their stakes in each other. Paribas slipped FFr13 to FFr663 while Mixte lost FFr63 to FFr1,782.

FRANKFURT closed mixed as volume slid for the second day in succession, from DM6.3bn on Tuesday, through DM5.3bn on Wednesday, to DM4.5bn. The DAX index rose 3.87 to 1,844.41 after a 2.64 decline to 778.53 in the FAZ at midsession.

Once again, the hiatus in the market was emphasised by Volkswagen, topping the most actives list for the fourth day in succession after news of one big buy order on Monday. The shares fell DM2.50 to DM602.50. BMW managed to gain DM1 to DM597 after reporting a 3 per cent rise in sales for in the first five months of 1990; industry sales figures showed that new car sales in Europe fell by 4.3 per cent in April.

There were worse falls in construction, where Phillip Holzmann dropped DM66 to DM1,510 on an unchanged DM10 dividend, and Bilfinger & Berger fell DM34 to DM841; Andreas Wahl of Carnegie International still likes Bilfinger, which he has on a prospective p/e of about 25 against 42 for Holzmann.

MILAN was steady as some investors collected their profits after nearly three weeks of sustained gains by the market. Volume remained healthy and the Comit index closed 0.57 firmer at 746.73.

Banco di Roma stood out, rising L31 to L2,600 on speculation that the share-swap agreement with Banco Hispano Americano of Spain and Commerzbank AG would be pitched above the current share price. CIR, Mr Carlo de Benedetti's holding company, added L60 to L5,700 on rumours that Mr de Benedetti would finally announce the sale of his stake in Société Générale de Belgique by public tender offer in the next few days. Insurers, especially the smaller ones, continued to advance and Fiat, which said late on Wednesday that it would extend its share-buyback programme to June 1991 from December 1990, rose L75 to L10,685.

BRUSSELS was pulled higher by Petrofina which jumped BFr325 or 2.8 per cent to BFr12,100 in heavy turnover of 27,000 shares. The appointment of financier Albert Frère as the company's new chairman and an issue of Petrofina warrants by Bankers Trust motivated the rise. The cash market index rode 32.76 to 6,381.66.

STOCKHOLM closed mixed in active trading which concentrated on a few of the larger stocks. The weighted Affärsvärlden general index closed 0.8 lower at 1,265.7 on turnover of SKr797m, the largest daily volume so far this year. Ericsson advanced smartly on rumours of more lucrative orders and a positive article in the Dagens Industri business daily. Ericsson free B shares rose SKr50 to SKr1,234.

ASIA PACIFIC

Nikkei rises over 33,000 as caution fades

Tokyo

INVESTORS brushed caution aside and after a slow start buying picked up and took the Nikkei back above the 33,000 mark, *writes Michiyo Nakamoto in Tokyo.*

Although a weak yen and futures-related activity made for some volatility, interest in a wide number of issues with good earnings prospects or special situations supported a firm advance in share prices.

The Nikkei average moved from a low of 32,876.57 to a high of 33,227.94 before closing at 33,130.80, up 204.54. Advancing issues far outnumbered decliners at 612 to 346, with 160 unchanged. Turnover remained at 800m, where it has been for the past two days. The Topix index of all listed stocks advanced 18.85 to 2,435.74 and in London, the ISE/Nikkei 50 index rose 1.91 to 1,829.00.

Investors had been expecting some volatility due to arbitrage activity as the index futures June contract approached its expiry date. But index-linked buying by investment trusts helped to counter lower futures prices. The yen remained a concern as it shed some of its recent gains against the dollar.

Environmental protection stocks continued to stand out, particularly as the need to find a stable source of safe and clean energy has become a major public issue in Japan. Sanyo was actively bought, as a leader in the development of solar batteries, but after rising Y20 to Y1,030 it closed unchanged at Y1,010. It was second most actively traded with 23.4m shares.

Issues with good earnings prospects that have lagged behind the market were sought after. Mitsui Engineering and Shipbuilding topped the actives list with 27.8m shares and gained Y10 to Y1,040. Mitsubishi Heavy Industries was up Y30 to Y1,070. Tokyu, the railway company which is at the core of the Tokyu group, emerged third on the volumes list with 21.5m shares. News that companies in the group have been increasing their shareholdings in each other prompted speculation that one, or some, of the companies might be a takeover target. Tokyu Corp advanced Y120 to Y1,970.

Special situations supported a firm rise in Osaka where the OSE average added 287.32 to 35,539.22. Volume at 75.9m shares was slightly lower than Wednesday's 78.2m.

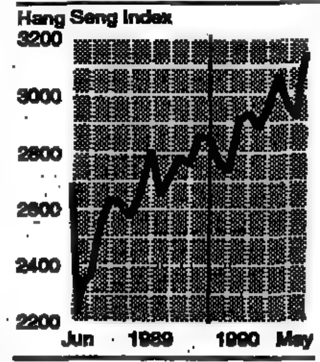
Roundup

THE PACIFIC Rim was mostly higher, buoyed by Wall Street and improving domestic politics. Manila recouped some losses after Wednesday's plunge while Singapore saw volume shrink as investors looked to other markets.

MANILA made a partial recovery on bargain-hunting after Wednesday's drop. The composite index rose 19.71 to 817.86. But concern about a coup attempt kept investors nervous. Turnover rose to 493.2m shares from 457.6m.

HONG KONG reached another post-June 4 high in the heaviest trading in over seven months, on follow-through buying from Wednesday's rally and further signs that Peking was softening its stance. The Hang Seng Index surged 48.97 points, or 1.5 per cent, to 3,132.32. Turnover ballooned to HK$2.12bn, the heaviest since October 16, from HK$1.55bn.

Hong Kong



TAIWAN rallied as investors returned after seeing the weighted index pierce the 7,000 resistance point. The index added 433.88, or 6.33 per cent, to 7,290.88. Trading volume rose to 1.67bn shares or NT$113.22bn from 1.57bn shares or NT$99.42bn.

AUSTRALIA was pulled higher by a surge in Australian share price index futures. The All Ordinaries index was 12.5 higher at 1,512.0. But turnover fell to 81m shares or A$155m from 82m shares or A$171m.

NEW ZEALAND ignored firmer money market rates and gained for the sixth day in a row. The Barclays index added 19.10 to 1,816.28. Turnover was 12.7m shares or NZ$18.6m after 10.7m or NZ$21.6m.

SEOUL rose for the third consecutive day on confirmation that President Roh Tae-Woo would meet Soviet President Mikhail Gorbachev in the US next week. The meeting could lead to diplomatic relations and boost economic ties. The composite index advanced 8.06 to 797.95, in active volume of 305.1bn won after 219.4bn won.

SINGAPORE closed mixed in listless trading. UIC remained the most active issue as investors evaluated the benefits of buying Singapore Land. The stock fell 2 cents to S$2.83 with 4.34m shares traded. The Straits Times index fell 3.80 to 1,553.64. Turnover fell to 53.2m shares, worth S$124.5m from 59.0m or S$131.6m.

KUALA LUMPUR was encouraged by further gains in Tokyo, but it went sideways in later trading due to a lack of follow-through. The composite index rose 1.61 to 583.37, in thin turnover unchanged at 27.4m shares.

JAKARTA fell in slow trading, the composite index shedding 4.21 to 636.40 from an official revised close of 640.61 on Wednesday.

BANGKOK surged in active trade centred on securities and mining issues, sending the index past the 1,000-level to a record high. The official SET Index gained 13.40 to 1,000.71.

Johannesburg was closed for South Africa's Republic Day holiday.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS. Figures in parentheses show number of stocks per grouping	WEDNESDAY MAY 30 1990 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	Dm Index	Local Currency Index	Local % chg on day	Gross Div Yield	TUESDAY MAY 29 1990 US Dollar Index	Pound Sterling Index	Yen Index	Dm Index	Local Currency Index	DOLLAR INDEX 1990 High	1990 Low	Year ago (approx)
Australia (81)	136.31	+1.1	119.44	130.37	119.17	117.54	+0.5	5.91	134.79	117.89	128.57	117.17	116.05	158.31	125.65	131.30
Austria (19)	243.41	−0.7	213.29	232.80	212.79	212.36	−0.2	1.27	245.11	214.40	233.81	213.07	212.85	285.63	193.15	118.13
Belgium (61)	150.98	+0.1	132.30	144.39	131.99	128.64	+0.6	4.48	150.78	131.68	143.81	131.07	127.91	160.02	132.11	128.88
Canada (119)	137.56	+1.2	120.54	131.58	120.25	117.39	+0.9	3.49	135.95	118.91	129.67	118.17	116.31	153.61	130.37	137.43
Denmark (33)	255.74	−0.5	224.09	244.59	223.57	222.69	+0.2	1.29	257.04	224.82	245.18	223.43	222.34	260.82	236.89	176.37
Finland (26)	137.97	+0.1	120.90	131.96	120.62	119.93	+0.4	2.40	137.78	120.51	131.43	119.77	113.45	152.29	129.99	143.58
France (125)	165.88	−0.8	145.35	158.63	145.00	147.53	−0.1	2.78	167.13	146.19	159.41	145.27	147.67	168.85	141.69	117.79
West Germany (93)	130.05	−0.9	113.96	124.40	113.70	113.69	−0.4	1.96	131.27	114.82	125.23	114.12	114.10	137.71	122.05	83.85
Hong Kong (48)	128.04	+1.3	112.19	122.45	111.93	127.88	+1.2	4.86	126.44	110.59	120.60	109.91	126.31	129.04	112.24	115.69
Ireland (17)	185.84	+1.2	162.84	177.74	162.46	164.07	+1.8	2.67	183.66	160.64	175.19	159.65	161.24	188.57	172.72	139.20
Italy (96)	107.10	+0.4	93.85	102.42	93.62	98.94	+1.1	2.41	106.67	93.31	101.75	92.72	97.87	107.10	91.85	77.72
Japan (454)	154.86	+0.0	135.70	148.14	135.40	148.11	+0.2	0.56	154.92	135.50	147.80	134.68	147.77	197.26	124.40	180.08
Malaysia (35)	233.22	+0.3	204.35	223.04	203.87	242.47	+0.2	2.22	232.59	203.44	221.85	202.17	241.90	246.32	204.15	180.18
Mexico (13)	537.05	+1.1	470.59	513.63	469.49	1666.43	+1.3	0.31	531.19	464.62	506.68	461.75	1644.47	537.05	324.53	222.88
Netherland (43)	141.28	+0.3	123.80	135.12	123.51	122.10	+0.9	4.62	140.82	123.18	134.33	122.42	121.03	145.66	130.43	115.17
New Zealand (17)	64.64	+1.2	56.64	61.82	56.51	59.81	+1.0	7.38	63.90	55.89	60.95	55.54	59.02	75.36	59.57	64.82
Norway (23)	242.20	+0.2	212.23	231.64	211.74	212.45	+0.5	1.45	241.84	211.53	230.68	210.22	211.31	245.90	202.34	177.27
Singapore (25)	206.48	−0.2	180.92	197.47	180.50	175.79	−0.3	1.92	206.96	181.04	197.43	179.92	176.27	207.28	179.70	150.35
South Africa (60)	193.85	−0.8	169.86	185.40	169.46	164.56	−0.4	3.61	195.48	170.98	186.46	169.92	165.30	251.39	173.80	131.01
Spain (42)	160.35	+0.7	140.51	153.36	140.18	126.56	+1.0	4.20	159.21	139.26	151.87	138.39	125.32	165.19	132.94	147.89
Sweden (35)	209.78	−0.2	183.82	200.64	183.40	188.74	+0.1	2.13	210.25	183.90	200.55	182.77	188.62	210.67	173.89	158.54
Switzerland (66)	104.31	+0.2	91.40	99.77	91.20	91.86	+1.0	2.25	104.09	91.04	99.29	90.49	90.95	104.31	86.75	71.63
United Kingdom (305)	160.36	+1.9	140.52	153.36	140.18	140.52	+2.0	4.77	157.44	137.71	150.16	136.84	137.71	164.31	130.87	138.17
USA (537)	145.79	+0.0	127.75	139.44	127.46	145.79	+0.0	3.34	145.76	127.49	139.04	126.71	145.76	145.79	130.81	130.70
Europe (984)	147.42	+0.5	129.18	141.00	128.88	128.55	+1.0	3.52	146.64	128.26	139.87	127.47	127.32	147.42	135.57	114.50
Nordic (117)	203.40	−0.3	178.22	194.53	177.81	172.82	+0.2	1.74	203.95	178.39	194.54	177.28	172.52	203.95	185.01	152.07
Pacific Basin (660)	153.17	+0.0	134.22	146.50	133.91	146.02	+0.3	0.87	153.12	133.93	146.06	133.11	145.65	192.75	124.63	175.60
Euro–Pacific (1644)	151.24	+0.2	132.52	144.63	132.21	139.43	+0.5	1.92	150.89	131.98	143.92	131.16	138.68	174.18	130.35	151.18
North America (656)	145.20	+0.1	127.23	138.88	126.95	143.81	+0.1	3.35	145.07	126.89	138.39	126.12	143.80	145.78	131.02	131.01
Europe Ex. UK (679)	137.94	−0.3	120.87	131.95	120.62	120.94	+0.3	2.73	138.33	121.00	131.98	120.28	120.58	139.50	124.81	99.61
Pacific Ex. Japan (206)	132.29	+1.0	115.92	126.54	115.66	118.99	+0.7	5.12	130.97	114.56	124.95	113.88	118.19	139.32	122.53	121.87
World Ex US (1836)	151.42	+0.3	132.68	144.82	132.37	139.33	+0.5	1.99	151.04	132.11	144.08	131.30	138.56	173.77	131.30	150.55
World Ex UK (2068)	147.11	+0.0	128.91	140.71	128.62	141.46	+0.2	2.20	147.12	128.68	140.34	127.90	141.19	162.00	130.80	142.88
World Ex So Af. (2313)	148.00	+0.2	129.68	141.56	129.39	141.16	+0.4	2.43	147.73	129.22	140.93	128.43	140.64	161.84	131.95	142.52
World Ex. Japan (1919)	146.34	+0.3	128.23	139.97	127.95	136.05	+0.4	3.48	145.92	127.63	139.20	126.86	137.44	146.34	134.62	124.57
The World Index (2373)	148.28	+0.2	129.93	141.82	129.64	141.32	+0.4	2.44	148.02	129.47	141.20	128.68	140.81	162.05	132.25	142.45

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Latest prices were unavailable for this edition.

New Issue
This announcement appears as a matter of record only.
June 1990

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
Washington, D.C.

DM 250,000,000
8⅞% Bearer Bonds of 1990, due 2000

Issue Price: 101 ⅛ %
Interest: 8⅞% p.a., payable annually in arrears on June 1
Maturity: June 1, 2000 at par
Listing: München, Frankfurt am Main and Düsseldorf stock exchanges

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Girozentrale Vienna Capital Markets Group
Hessische Landesbank – Girozentrale –
Norddeutsche Landesbank Girozentrale
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The tell-tale gap between deeds and words

By Michael Dixon

IT IS well recognised that company departments' titles would often be truer descriptions of what goes on there if they ended in a question mark. *Service Department?* is a common case in point.

Less recognised, perhaps, is that the same applies to people's job titles. For example, when a colleague was opening his mail the other day he came upon two packages each holding an identical book and letter inviting him to review it. The letters were signed by someone styling herself "Marketing Co-ordinator."

But while the addition of a question mark would certainly improve accuracy in such instances, the simple device has limitations.

Although signifying what the people concerned don't do in their jobs, it gives no hint of what they do do. And as confusion on that point evidently continues apace, the Jobs column feels no shame in returning to a topic raised here five weeks ago. It is the growing importance of the ability to give a verbal description of your skills that enables even employers in totally unfamiliar fields to see how you could help them.

Nearly 40 readers have been in touch about the matter. But since today's congregation may include some who were not present on April 25, I'd better repeat why I think the verbal ability is becoming more important.

The prime reason is companies' tendency to cut full-time employees to the small core the business continuously needs, reducing the supply of staff jobs for managers and specialists. The probable result is that people displaced from such jobs, and youngsters aspiring to skilled occupations, will increasingly have to earn their keep as self-employed operators.

In which case it will not be enough for them to persuade one recruiter, often from a similar background, to give them a chance just to *show* their skills in an established position. Nor is any job they get likely to last them years before they need to obtain another.

Selling task

Their living will depend on selling their abilities over and again to several clients simultaneously. As well as communicating what they can do for a company, they will sometimes have to point out why and how it needs their services. But the necessary selling surely cannot start unless they can describe in words the particular skills that make them worth employing.

Alas, according to six of the readers who responded to the earlier discussion – who happen to be outplacement consultants, many executives not only lack the verbal ability, but see no use in it.

"Even when they end up with us, they can be hard to convince that it's pointless just citing job-titles and sizes of empires and salaries," says one. "While they must know the things they've done to earn them, they apparently expect the knowledge to transfer to others by a process of osmosis."

But purblindness on the part of potential victims is far from the whole problem. Its main root is that there is no language in which skilled workers can communicate the details of what they do, apart from jargons apt to enrage as well as befuddle anyone not in the same trade. Even for so widespread an activity as management, "advanced" nations seem to have no equivalent of the common tongue of Siberia's Chukchi nomads, which can divide the task of judging a reindeer-hide into 16 precise operations.

That is why, five weeks back, the Jobs column unveiled its own crude scheme aimed at eventually bridging the language gap. An amended version appears in the box above. All it attempts to do is provide meaningful labels for various elements of skilled jobs, by breaking them down into a variety of actions which in each case can be performed on several different objects.

WHAT IS DONE:	WHAT THE ACTION IS PERFORMED ON: People	Animals & plants	Hard-ware	Money	Other info.
Originating	OP	OA	OH	OM	OI
Procuring	PP	PA	PH	PM	PI
Nurturing	NP	NA	NH	NM	NI
Reproducing	RP	RA	RH	RM	RI
Maintaining	MP	MA	MH	MM	MI
Increasing	IP	IA	IH	IM	II
Lessening	LP	LA	LH	LM	LI
Judging	JP	JA	JH	JM	JI
Allocating	AP	AA	AH	AM	AI
Converting	CP	CA	CH	CM	CI
Delivering	DP	DA	DH	DM	DI

The five objects are listed across the grid under "What the action is performed on". They are people; other living beings in the guise of "animals and plants"; hardware; money, which *is* in essence a special kind of information; and other sorts of information.

The various actions run down the left. Unlike the objects, and thanks to readers' criticisms, they have altered a bit since April. Before denoting the changes, however, I'll deal with a query which unless eight people all independently decided to take the mickey in the same way, suggests they are not familiar with grids.

They asked about the meaning of the two-letter symbols to the lower right. So I confirm that they are not codes hiding a quotation from the Talmud or whatever. They are just signals for a specific action done to a certain kind of object. If you're an actor or surrogate parent earning your living by "reproducing people", then the signal for that part of your job is RP, and so forth.

Although the meaning of most words denoting actions is clear – at least to me – some need explanation.

"Nurturing" (changed from "Improving" in the first version) is developing something from a lesser to a greater realisation of its own inherent potential. It covers much of educational work, engineering and the like.

"Converting" (which remains the same) signifies changing an object so that it does something it otherwise wouldn't. Hence "converting people", for example, makes up a large part of managing as well as selling.

A couple of other changes involve a confession. When offering the first version, I said I hoped it would lead to more accurate descriptions of management jobs especially. The upshot was 27 demands to know why, in that case, did the list of actions exclude decision-making. In response, I have added "judging" and "allocating".

Nevertheless the scheme is still but a tiny wavering step towards establishing commonly understood terms for the detailed skills people use in making their livings. So I hope readers will go on sending criticisms, preferably accompanied by the odd constructive suggestion.

Mergers and Acquisitions

Assistant Director — **French Bank**

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Applicants will need to have gained at least three years' relevant experience in the European market place, and will be confident of running deals and developing contacts further, in order to contribute to their own success as well as that of the department. Fluent french is essential.

The remuneration package is highly competitive and will reflect the level and experience of the appointee.

Interested applicants should contact **Penny Bramah** on **071 831 2000**, or write in confidence enclosing a full curriculum vitae to **Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH.**

MP

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THE STIMULUS YOU REQUIRE, THE INFLUENCE YOU DESERVE

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Candidates must have a minimum of 5 years work experience since graduating in economics. Ideally, candidates will not only have worked as an applied economist, but will also have gained experience in related areas like planning or finance. During this time you will have developed the personal credibility to communicate persuasively at top management level.

The position is generously rewarded, with a salary package appropriate to an organisation of Abbey National's standing, including company car, PPP, pension scheme, generous mortgage subsidy along with profit share and restaurant facilities.

Applications can be made in writing, enclosing a full CV to Elaine Kent, Senior Management Recruitment Advisor, Manpower Planning and Development, Abbey National plc, Abbey House, 201 Grafton Gate East, Central Milton Keynes MK9 1AN. The closing date for completed applications, which are invited from all sectors of the community, is 8th June 1990. Likely dates for interviews are 21st and 22nd June 1990.

ABBEY NATIONAL

RATHBONE

Rathbone UK Ltd, South Quay Plaza II, 183 Marsh Wall, London E14 9FU

CURRENCY/INTEREST RATE PROTECTION – MARKETING

As a leader in International Capital Markets, our client is currently expanding its UK and European marketing team.

Ideally applicants will have at least three years exposure to $, £ and Dm denominated products. Primarily you will have experience of Interest Rate Swaps, Short and Long Date Options, Swaptions and Currency Options.

You will have an understanding of hedge structures, the creation of marketing material and a definite flair for client presentations. Ref: MB1353

For a confidential discussion please contact Michael Brennan.

RATHBONE

Rathbone UK Ltd, South Quay Plaza II, 183 Marsh Wall, London E14 9FU

INTEREST RATE OPTIONS

Our client, a major international bank, is in the process of establishing an Interest Rate Options capability. They are interested in meeting individuals with trading experience in this area. Experience of related off-balance sheet products would also be advantageous. The client is able to offer very competitive packages for the right people. **Ref: JF1354**

SWAPS TRADING

Our client, a major international bank, is interested in meeting traders with two or more years experience in off-balance sheet products, in particular Interest Rate and Currency Swaps. The client already has a substantial capability for trading Swaps and is looking for two more traders. Experience in $, Dm, £ is preferred. Packages are in line with market rates. **Ref: JF1351**

For a confidential discussion please contact John Faulkner.

RATHBONE

Rathbone UK Ltd, South Quay Plaza II, 183 Marsh Wall, London E14 9FU

LEGAL SPECIALISTS – NEW ISSUES/ CORPORATE FINANCE

To £40,000 + Benefits

We are currently acting on behalf of a number of international investment houses who are seeking candidates with a legal qualification and Capital Markets experience.

Your responsibilities will include negotiating and executing complex structured deals involving OTC Options and invariably Swaps.

You will be involved in the legal aspects of new issues, private and public Eurobond issues, Unit Trusts and Asset repackaging. **Ref: SJD1257**

BOND SALES — £ Neg

Multi-currency Bond Sales specialists are sought to augment our clients existing team. Selling to specific geographical areas, you will have an established client base and a highly profitable track record. **Ref: KR1322**

For a confidential discussion please contact Kathy Rugg.

RATHBONE

Rathbone UK Ltd, South Quay Plaza II, 183 Marsh Wall, London E14 9FU

EUROPEAN SALES AND RESEARCH

Current demand for established professionals within European Equity Markets shows no sign of diminishing.

Our client, a highly respected UK institution, is therefore interested in meeting individuals actively seeking a beneficial career move. At least two years experience in Swiss or German sales or research may provide the ideal candidate with an opportunity to make a substantial contribution to a well-established and successful European team.

Self-motivation and the ability to work innovatively within this team are of prime importance to our client. **Ref: LW1346**

For a confidential discussion please contact Lydia Wann.

WEST END — **to £35,000**

Relationship Manager — Banking

This major retail bank has an established portfolio of personal and corporate business with the Chinese Community in the UK. It now seeks a relationship manager, fluent in Mandarin and Cantonese to further develop this client base.

A member of the Corporate business team, you will manage a small service staff and your mandate will be to generate profitable new business from existing clients and by introducing new ones to the Bank. You will need to build effective relationships with individuals, leaders of the Chinese business community and with those in a position to introduce prospective clients.

In addition to the language requirement, our client seeks an individual of initiative with business development skills acquired in financial services, preferably banking. A relevant professional qualification will be an advantage.

Please send full personal and career details in English, stating companies to which details should not be forwarded, to Robin Alcock, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 76 Shoe Lane, London WC4A 3JB, quoting reference RKA698 on both envelope and letter.

Coopers & Lybrand Deloitte — Executive Resourcing

UK Project Financier

City — **£ attractive**

Our client is a major Continental European bank with a strong corporate client base in the UK, offering an extensive range of products and services.

The bank is looking to broaden further its product coverage and to be more innovative and aggressive, moving to a position of originating and structuring deals. They have had a project financing team for some time, but the intention is for it to become more actively involved in UK infrastructure projects.

They would therefore like to strengthen the team by recruiting someone with project finance experience including an understanding of the financing of UK infrastructure projects and a thorough credit and marketing training from a first class financial institution.

You will be a graduate, probably aged mid/late 20's, with at least 3 years banking experience.

Interested candidates should write enclosing a full CV and daytime telephone number quoting Ref: 429 to Maria Wallace, Whitehead Rice Ltd, 43 Welbeck Street, London, W1M 7PG. Tel: 071- 637 8736

Whitehead Rice

MANAGEMENT SELECTION

CJA

RECRUITMENT CONSULTANTS GROUP

3 London Wall Buildings, London Wall, London EC2M 5PJ

Tel: 071-588 3588 or 071-588 3576

Telex No. 887374 Fax No. 071-256 8501

Challenging position, scope to become head of UK operating Division or to move to a senior position overseas in the medium term.

MANAGING DIRECTOR – COMMERCIAL INSURANCE BROKING

ESSEX — **£70,000-£100,000**

SUBSIDIARY OF A MAJOR FIRM OF INSURANCE BROKERS

We invite applications from candidates aged 35-45 who will have gained at least seven years successful commercial and industrial insurance broking experience with a strong new business bias, at least three years must have been at a senior level with profit centre responsibility. The successful candidate will be responsible for the further profitable expansion of the division's commercial and industrial broking covering national accounts and East Anglia in particular. Excellent networking and technical support exists within the Group. The ability to lead effectively a sales and service oriented organisation and to carve out a greater niche in this competitive field is important. Initial remuneration by way of high basic salary plus incentive related bonus negotiable £70,000-£100,000 plus car, contributory pension, free life assurance, free family medical cover, assistance with removal expenses if necessary. Applications in strict confidence under reference MMGC4718/FT to the Managing Director: CJA

3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ. TELEPHONE: 071-588 3588 or 071-588 3576. TELEX: 887374. FAX: 071-256 8501.
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Richard Huggins ext 3460

Sarah Gabe ext 3199

Stewart Maddock ext 3392

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

European Equity Sales

£AAE

We are actively seeking experienced European Equity Sales people to cover Germany and Switzerland. Candidates should have at least 2 years' experience, an excellent track record and preferably a second European language.

Currency Options Broker

To £35,000

A leading European institution requires a currency broker to join an existing team of four. Two years experience in currency options, or the forward market is a prerequisite and candidates should be in their early to late 20's.

For further information please contact David Puddick, Zarak Hay Associates, (Financial Recruitment Consultants) 6, Broad Street Place, Blomfield Street, London EC2N 7JH.

Telephone 071 638 9205 Fax 071 588 2942

Zarak Hay ASSOCIATES

YOUR FIRST MOVE?

Investment Analysis
to £25,000 + Benefits

A top UK Insurance Group is looking for a bright graduate with 1-3 years Investment Analysis experience, gained within an insurance company, pension fund or bank, to join its growing research and analysis team. Probably aged in your early-mid 20's you must have a good knowledge of the UK equities market as this will be your prime responsibility. Broad sector experience is desirable but your analytical skills are of greater importance – an excellent first move.

European M & A
to £30,000 + Benefits

A number of our clients, all major players in the M & A field, are still looking for outstanding graduates in their early-mid 20's. They require at least 12 months experience in M & A analysis or research, and fluency in at least one European language, preferably Italian or Spanish. These are superb opportunities for individuals who can make an immediate contribution.

For further details please contact Anita Barker or Joe Reilly on (071) 583 0073 (day) or (081) 540 9340 (evenings and weekends) or send your cv in complete confidence to: 16-18 New Bridge Street, Blackfriars, London EC4V 6AU. Or fax (071) 353 3908.

10 YEARS

BADENOCH & CLARK
recruitment specialists

FUND MANAGER EUROPEAN EQUITIES

This is an opportunity to take full responsibility for all European Equities Investments in the London-based asset management company of a major international banking group. The position is newly created and arises from the company's policy of market specialisation as part of its quest for superior investment performance.

You will be responsible for the selection of stocks for the European portion of a range of funds and will participate fully in the process of allocating assets to Europe as a whole and to specific markets within Europe. You should therefore have gained at least 3 years' experience in the management of European funds and will be attracted by the opportunity to make your own decisions and develop your own performance record. You are likely to be aged 25-35 with a good academic background and well-developed communications skills.

The position offers an attractive compensation package which includes a car and mortgage subsidy. If you would like to be considered, please write in complete confidence to **Michael Thompson at John Sears and Associates, Executive Recruitment Consultants, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP or telephone 071-222 7733** for a preliminary discussion.

John Sears and Associates
A MEMBER OF THE SMCL GROUP

TRADE INDEMNITY PLC

Financial Risk Underwriters

Trade Indemnity plc is the UK's leading credit insurer, with a sound record of growth and development.

The underwriting of unusual financial risks is a rapidly growing area of business requiring not only the traditional skills of credit analysis but also an appreciation of the legal and contractual risks, and Trade Indemnity through its Special Underwriting Unit is a major player in this field. We are now seeking to recruit additional Underwriters to join the Unit's tightly-knit team, which is based in Leadenhall Street.

We invite applications from candidates, aged 28 to 35 years, who in addition to excellent academic or professional qualifications will also possess international political and economic awareness. A legal or accountancy background could be relevant, as could experience in banking or insurance. Foreign language capability and computer literacy are also desirable characteristics.

We offer an excellent remuneration package which includes a car, non-contributory pension scheme and mortgage subsidy.

If you would like to join this team and share in its growth and success, write with full career details to:

Alan Suckling—Manager Personnel
Trade Indemnity plc, Trade Indemnity House,
12-34 Great Eastern Street, London EC2A 3AX.
Telephone: 071-739 4311

Outstanding opportunity in equity research

European Insurance

Our client is a highly successful multi-billion dollar US Investment Manager with significant international business. An experienced analyst is required to join its established equity research team in London.

The successful candidate will be responsible for the analysis and presentation of insurance company research on a Pan-European basis. Close liaison with individual portfolio managers is essential in deciding upon stock selection and asset allocation. This position offers the opportunity to travel throughout Europe visiting any one of thirty target stocks and thereby developing a sector-wide strategic view.

The analyst will work with a minimum of supervision and will have the maturity and intellectual ability to adapt to different accounting methods and cultures as well as the independence of thought to recommend investment strategies which may not reflect prevailing market sentiment.

The investment process is highly research driven and the philosophy of the firm emphasises the use of highly quantitative techniques and rigorous valuation models to facilitate long term fundamental analysis of each insurance group.

Candidates will preferably be employed within the stockbroking or investment management communities in the UK or Europe. However, people with relevant experience from industry or banking will be considered. Salary, benefits and bonus will be highly competitive in line with those offered within the stockbroking sector.

Interested candidates should contact Nick Bennett on 071-248 3653 or write, sending a detailed CV to the address below. Or use our confidential fax line on 071-248 2814. All applications will be treated in the strictest confidence.

76, Watling Street, London EC4M 9BJ

BBM ASSOCIATES

Tel: 071-248 3653

CONSULTANTS IN RECRUITMENT

INVESTMENT STRATEGISTS

James Capel is one of Europe's largest investment firms offering extensive stockbroking, investment management and corporate finance services to clients worldwide.

We are seeking two Investment Strategists to join experienced and respected London-based teams in either the UK or international markets, where ideas and research competence are highly prized.

The responsibilities of these posts include a broad range of research support tasks, production of research publications, interaction with sector analysts and economists and contribution to strategy formulation, original research and client contact.

The successful candidates are likely to be in their twenties or early thirties, will have had at least 2 years experience in investment (particularly equity) analysis/management and will need to demonstrate both analytical and writing skills. Accounting knowledge will be a strong advantage for one of the positions.

To apply, please send career details, indicating salary, to Sara Greve, Personnel Officer, James Capel & Co. Limited, James Capel House, PO Box 551, 6 Bevis Marks, London EC3A 7JQ

James Capel®

THE GLOBAL INVESTMENT HOUSE

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® James Capel refers to a group of companies with offices in London and in all other major financial centres, which provide investment services in a variety of markets.

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IBCA
EUROPE'S LEADING RATING AGENCY

CORPORATE ANALYSTS

Experienced analysts, preferably ACA or with a relevant degree, to cover UK corporates.

We are seeking candidates with prior analytical experience which is likely to have been gained in stockbroking or banking. Ideal candidates will demonstrate commercial and accounting awareness and possess a logical and enquiring approach.

BANK ANALYSTS

Analysts with fluency in one or more European language are sought.

Our banking coverage is worldwide and preference will be given to analysts with linguistic skills. Prior experience of bank analysis is not essential and we are looking both for senior and junior analysts.

IBCA Limited is the leading European rating agency, currently rating 300 banks worldwide and over 50 UK corporations. As a result of expansion we are seeking additional analysts. The positions involve travel, contact with senior officers of banks or corporations, preparation of high quality credit reports and advising clients on the credit status of rated entities. IBCA's growth offers candidates the ability to become acknowledged experts in the field of rating assessment.

Successful applicants will be able to communicate well both orally and in writing and will be capable of confidently representing the firm at high level meetings with rated entities in a professional manner. Salaries will be competitive and commensurate with qualifications and experience and the company offers a generous range of benefits. Write in confidence with full C.V. to the Managing Director.

IBCA Limited
Eldon House, 2 Eldon Street, London EC2P 2AY

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CORPORATE BANKING MANAGERS

Autonomy · Variety · Responsibility
to £40,000 + bonus + car + banking benefits

THIS DISTINCTIVE multinational British banking group's strategy for the rapid expansion of its corporate banking sector calls for the appointment of a number of account managers throughout its very significant UK branch network.

You will be responsible for managing existing and developing new business, principally with medium-sized UK companies, with the focus on international trade finance, treasury services and structured financing.

This is a particularly challenging environment where demanding responsibilities for marketing and risk analysis are matched by a level of autonomy, responsibility and variety which you will find difficult to match elsewhere!

It will appeal to self-motivated, marketing-orientated individuals of graduate calibre whose 3+ years' experience in a corporate banking environment has included a first-class credit training.

The negotiable salary, in the range £25,000-£40,000, will be geared solely to experience and qualifications and supported by the usual banking benefits, a performance-related bonus, and generous relocation package where needed.

To apply, please send a full cv, indicating preferred location, to Liz Walley, Ref: **4360/EEW/FT, PA Consulting Group**, Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Fax: 071-823 1804.

PA Consulting Group
HUMAN RESOURCES
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HEAD OF FIXED INTEREST FUND MANAGEMENT

This is an opportunity to take charge of the fixed interest area in the well-established asset management subsidiary of a major international bank. Your primary role will be the leadership of a compact, integrated team in the management of multicurrency portfolios on behalf of a range of international clients. The environment is friendly and unbureaucratic and the firm is committed to excellence and growth.

To be a candidate, you are likely to be in your thirties, will probably be working currently as a number two in a fixed interest team and now be looking for a greater degree of influence and responsibility. In this position you will be a key member of the investment management team determining global investment strategy. In addition a significant contribution to product development and marketing strategy will be expected. A disciplined but creative approach to the management of funds is sought including the intelligent application of quantitative techniques. You must also have the ability to communicate effectively and possess leadership qualities and sound business acumen.

The position carries a highly attractive compensation package, which includes full banking benefits. If you would like to be considered, please write in complete confidence to **Michael Thompson at John Sears and Associates, Executive Recruitment Consultants, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP** or telephone **071-222 7733** for a preliminary discussion.

John Sears and Associates
A MEMBER OF THE SMCL GROUP

Shepherd Little & Associates Ltd
Banking Recruitment Consultants

MANAGER FUTURES & OPTIONS SETTLEMENTS

Our client, a major US Investment Bank is currently seeking a Manager for its rapidly expanding Futures and Options Settlements Department.

The ideal candidate should have a strong technical background in Futures/Options derivatives gained over 3-4 years and a proven track record in managing teams of 8-10 staff. Individuals should be flexible, quick to learn, innovative and have excellent communication skills at all levels.

This is an exceptional opportunity offering excellent career potential.

The negotiable salary is backed by a comprehensive range of benefits.

Please contact Simon Pope or Caroline Huddart.

Ridgway House 41/42 King William Street London EC4R 9EN
Telephone 071-626 1161

Swaps Lawyer

Outstanding opportunity for an ambitious UK-qualified lawyer with c.3 years' PQE (including some swaps experience) to join what is probably now the most exciting and dynamic swaps team in the City. Salary first-class by any standards.

In addition, this team also seeks a legal assistant (preferably a graduate) with some practical swaps expertise.

Contact Dawn Thompson on
071-607 0821 (or 071-430 1711)
or write to her at Graham Gill & Young
44-46 Kingsway, London WC2

GRAHAM GILL & YOUNG
LEGAL RECRUITMENT CONSULTANTS

Treasurer

Chesterfield, Derbyshire — **Up to £31,000 plus car etc (Due for review from 1.7.90)**

Post Office Counters Ltd is an autonomous company with a High Street presence which makes it the largest retail network in the country. With gross cash turnover of £84bn per annum, there is a particular emphasis on cash management. We are looking for a Treasury professional to develop systems and procedures for cash management, control of working capital and therefore maximisation of funds available for short-term investment.

The successful candidate will have considerable experience in either a Treasury or Banking environment, excellent interpersonal, organisational and analytical skills, together with a high degree of computer literacy and a track record of achievement at a senior management level.

The post is based in Chesterfield, which is situated ideally on the edge of the Peak District National Park and carries a highly competitive remuneration package including company car, pension scheme, private family health scheme, and generous assistance with relocation where applicable.

To apply please send your CV quoting current salary to Andrew Jarvis, Resourcing Manager, Counters Personnel, Chetwynd House, CHESTERFIELD, Derbyshire S49 1PF.

The closing date for application is 13 June 1990.

The Post Office is an equal opportunities employer.

Post Office Counters

SENIOR INVESTMENT MANAGER

FAR EAST EQUITIES

The chance to manage one of the key international Equities areas in a major investment management firm

This is an opportunity to take primary responsibility for the management of Far East Equity investments in a progressive UK firm of major standing. The substantial assets under management include unit trusts, pension funds and other portfolios. As a key member of the international management team your job will include the direct management of funds as well as playing a prominent part in asset allocation, client reporting and marketing.

You are likely to have several years' experience in Far East Equities fund management and should possess a good knowledge of both major and emerging markets. You must possess well-developed interpersonal and communications skills and the technical ability to produce above average results.

This is a London-based position of major importance and the compensation package offered reflects the Company's commitment to hiring a high calibre specialist in this field. If you would like to discuss this position in greater detail, please contact **Michael Thompson** on **071-222 7733** or write to him at: **John Sears & Associates, Executive Recruitment Consultants, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP.**

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FUND MANAGERS

SBC PORTFOLIO MANAGEMENT INTERNATIONAL is seeking Fund Managers to support its expansion programme.

Equities

- Minimum 2-5 years' experience in international and U.K. markets.
- Strong analytic background required.
- Knowledge of U.S. and/or Japanese markets particularly advantageous.

Fixed Income

- Minimum 2-5 years' experience in multicurrency investment management or treasury functions.
- Theoretical and practical experience in the use of derivatives a significant advantage.

Both positions are expected to contribute to the formulation of investment strategy.

Apply in strictest confidence, with full personal, career, and salary details to Sue Jackson, Human Resources, Swiss Bank Corporation, Swiss Bank House, 1 High Timber Street, London EC4V 3SB.

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ext 3607

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ext 3460

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ext 3392

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INVESTMENT MANAGEMENT

MORGAN STANLEY ASSET MANAGEMENT

MULTICURRENCY FIXED INCOME MANAGER

The London Office of Morgan Stanley Asset Management requires a Multicurrency Fixed Income Manager capable of making an immediate contribution to the work of the Fixed Income Group.

The Firm pursues a highly disciplined investment process which makes extensive use of computer databases to formulate a strategic, value orientated, approach to portfolio construction.

Aged 25-32, and with several years of first class experience with a major institution, central bank or corporation, the ideal candidate will demonstrate a comprehensive knowledge of the world's major bond, money and foreign exchange markets.

This is a key appointment offering immediate responsibility and excellent career potential within the environment of a leading investment services group.

Applications in writing including a full C.V. should be sent to:

Michael J. W. Daley, Vice President,
Morgan Stanley Asset Management,
15th Floor, Commercial Union Building,
1 Undershaft, London EC3P 3HB.

Jonathan Wren International

STRUCTURED FINANCE
MIDLANDS & NORTH OF ENGLAND
to £50,000

Two of our client banks who have established strong U.K. corporate finance teams in their London offices are now looking to expand their specialist teams to other major City centres in the UK.

Specifically they are looking for candidates with good inter-personal skills and at least two years experience in structured and/or acquisition financing to middle market corporates. Applicants should be prepared to relocate to regional offices.

Please contact Brian Jarvis or Jan Perrin on 071-623 1266.

CREDIT & RISK ANALYSIS
to £50,000

Our client, a major investment banking organisation with a global market exposure, seeks a senior analyst to join its small team. You should have a strong credit background ideally gained in a securities environment. Preference will be given to candidates who can also demonstrate good knowledge of the nature of trading risk for bonds and derivatives. There is considerable scope for progression within this organisation for the right candidate.

Please contact David Scott-Ralphs of Nigel Haworth on 071-623 1266.

LONDON HONG KONG MIDDLE EAST SINGAPORE SYDNEY

Jonathan Wren
Recruitment Consultants
No. 1 New Street, (off Bishopsgate), London EC2M 4TP
Telephone: 071-623 1266 Fax: 071-626 5258

BOND SALES TO MIDDLE EAST
£40-50,000

A highly proactive International Securities house with broad fixed income market making presence is actively seeking to boost its bond retail business to the Middle East. Aged 26-33 you will have at least 3 years' experience and a captive client base.

NEW ISSUES/CORPORATE FINANCE LAWYER
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This large, active and highly innovative International Bank requires a Capital Markets legal specialist. Active in all legal aspects of New Issues and bond execution you will additionally be expected to work on the broader aspects of corporate finance such as M&A as well as compliance.

CAPITAL MARKETS MARKETING
£30,000

A major player in the bond markets, we seek an experienced C.M. marketing executive to initiate and company manage new issues business to the UK, Canadian and Irish markets. Marketing experience in these sectors is preferred but a good honours degree and very strong analytical and presentation skills are prerequisite.

US $ BOND TRADER
NEG

An excellent position for a highly educated technical trader who is experienced in trading liquid and illiquid $ bonds and has exposure to the derivative markets.

Please contact Stephen Shanahan on 071-588 3991 day or 081-989 2483 evenings.
All enquiries will be treated in strict confidence.

OBSB OLD BROAD STREET BUREAU
EXECUTIVE SEARCH & SELECTION CONSULTANTS

Development Capital

MANCHESTER • CIRCA £40,000 PACKAGE

This is a challenging opportunity to join a dynamic, regional team within one of the UK's most respected providers of development capital. Suitably qualified candidates, aged 28-35, will preferably have experience in the venture capital sector, although serious consideration will be given to individuals with corporate financial knowledge gained in industry, commerce or professional practice.

The successful candidate will immediately take on a leading role in initiating, evaluating and concluding quality investment proposals in the private unquoted sector. All aspects of development capital are covered, from MBO's and MBI's to expansion finance. Strong verbal and written communication skills must be backed by the maturity necessary to develop a high profile in business communities across the North of England.

Genuine career development prospects are clearly defined within this growth organisation. The attractive remuneration package is highly negotiable, and will be backed by a company car, subsidised mortgage, non-contributory pension and private health cover.

Interested applicants (male or female) should send a detailed CV or ring for an application form on 0625 533364 (24 hours) quoting reference 1671/FT.

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MANUFACTURERS HANOVER

Opportunity in Project Finance

We need an able, numerate project banker to join a successful, established Project Finance Group in London.

You will have had experience in the financing of major capital projects gained in a financial institution, or with a major contractor, law firm, accounting practice, or from within Government. Ideally you will also have had international experience and be fluent in one or more foreign languages.

The opportunities for career advancement are excellent and we provide a competitive salary and comprehensive benefits package.

Manufacturers Hanover was the first U.S. bank to establish an investment banking capability in London and together with its operations located in New York, Tokyo, Frankfurt, Hong Kong and Sydney provides comprehensive origination, trading, distribution and related advisory services to corporates, financial institutions and governments worldwide.

Write now to the address below with your C.V. to apply for this career opportunity.

John E. W. Bamford
Vice President
Manufacturers Hanover Limited
The Adelphi
1-11 John Adam Street
London WC2N 6HT

Join a Team of Leading-Edge Finance Professionals

The Alcar Group is a fast growing, US based multi-national provider of consulting, data and sophisticated financial software to top corporations and financial service firms. We are looking for several highly qualified professionals to assist us in our growth in the UK and Europe.

Responsibilities will include:

- Helping clients to use sophisticated corporate finance software tools for evaluating business unit performance and investment opportunities.
- Marketing products and services to existing and new clients.

Candidates will be highly motivated and creative self-starters who possess 4 to 5 years of relevant work experience; strong accounting, finance, communications and interpersonal skills; and the highest ethical standards. University degree, or accounting experience required. An MBA would be a distinct advantage.

Please send CV and salary requirements to:

Arabella Romilly
The Alcar Group Ltd
Ely House
37 Dover Street
London W1X 3RB

No agency or phone enquiries please.

FOREIGN EXCHANGE BROKERS - STOCKHOLM

Applications are sought from experienced Forward Foreign Exchange dealers/brokers to establish a Forward Foreign Exchange broking operation in HARLOW BUTLER, SWEDEN A/S, Stockholm, which will complement existing group operations in Copenhagen, Helsinki and Oslo.

This opportunity to be involved in the development of Stockholm's only money broker represents an exciting challenge. Only those with a minimum of 2 years' market experience, coupled with good market connections, need apply.

Salaries and terms are negotiable according to experience and qualification.

Please apply in writing/telephone: Michael Young, MAI Brokers (Europe) Ltd, 8th Floor, Adelaide House, London Bridge, London EC4R 9HN. Telephone: (071) 407-5555.

TREASURY MANAGER
(LEASING)

Slough — **Package £30–35K + car**

Our client is a major leasing business, backed by one of the UK's largest merchant banks. A results-oriented culture, based on promoting suppliers' sales and satisfying their customers, is creating phenomenal growth in demand for its services. A dynamic individual is now sought to join the key business area of Treasury, reporting to the Treasurer in Customer Services Division.

Principal responsibilities are to manage and broke the leasing contracts, maintain close relations with lessors to obtain the best performance and rates, and diversify fund-sourcing. As a creative treasurer you will power the sales team by innovative funding and rental contracts to suit the customers. There is scope for introducing new techniques.

Candidates must have at least two years of directly relevant leasing experience gained with a reputable financial services institution or a thrusting and innovative corporate treasury department. While a degree and membership of the A.C.T. would be desirable, management potential, the ability to grasp complex financial products and excellent communication skills are essential.

The remuneration package includes significant turnover bonus; benefits are excellent and working conditions attractive. Interested candidates should send a curriculum vitae in confidence stating a daytime telephone number and details of current salary to Anne Grant (Ref 119):

Kidsons Impey Search & Selection Ltd, 29 Pall Mall London SW1Y 5LP Tel: 071-321 0336 Fax: 071-976 1116

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ACCOUNTANCY COLUMN

Auditing merry-go-round awaits firms in Italy

IMAGINE running a business knowing that every nine years you will lose your customers and will have to start again from scratch. That is the prospect which faces Italy's big accountancy firms as the result of a law which came into operation in 1981.

The legislation said that various companies, especially those publicly quoted, had to have their accounts certified by by an outside auditor.

That brought accountants a flood of new business. But the

By Haig Simonian in Milan

law also stipulated that auditors could serve companies for no more than three renewable terms of three years. After that, it said, they had to step down.

The first three terms have now elapsed, and the reaction to the law in Italian accounting, which is dominated by the top international partnerships, is universally negative. Auditors have not been appeased by the thought of compensating gains from new business. They condemn the regulations.

"I'm absolutely critical. It's an absurd thing with no justification whatsoever," says Mr Giorgio Loli of KPMG Peat Marwick Fides in Milan.

"The profession is not happy with this compulsory change," agrees Mr Alberto Giussani, of Price Waterhouse's Milan office.

The reasoning behind the law was to reduce fraud and keep auditors on their toes. But Italian accountants are now falling over themselves to explain why the law, drawn up by a commission on which the profession was not represented, is a mess.

They have a point. The consensus in the profession – outside Italy as well as inside – is that most cases of fraud and auditing problems occur within the first one or two years of an audit relationship. The changes are affecting companies over about three years, depending on when each company switched to independent certification of its financial statements. The timing is creating many administrative difficulties.

In a big industrial company, for example, the established auditors might be replaced. Yet they could still be employed by a subsidiary where independent audits were introduced later. While the original accountants would still be responsible for checking the books of the subsidiary, their successors at the parent company would have to cover the same ground in order to certify the whole group's results.

Duplication like that underlines the claim from many auditors that the changes are as unpopular among clients as they are in the profession. Apart from the time and effort involved in building new relationships, switching auditors is likely to be more expensive. The new auditors may have to charge for additional hours while they become familiar with a company's peculiarities – something their predecessors had nine years to do. Suggestions that auditors may offer to charge lower hours to gain new business have to be weighed against the scrutiny of Consob, the Italian stock market authority, which keeps a close watch on accountants.

In recent months, partners from the top firms have been involved in a busy round of presentations and "beauty contests" to find new clients. Most Italian companies hold their annual meetings, at which their choice of auditors is decided, between April and the end of June. So the race for new business is at its most intense.

"There are a fair amount of proposals being made," says Mr Giussani with studied understatement. Only about half a dozen auditors' firms dominate big accounts in Italy, and only 22 are authorised by Consob. So the same faces keep cropping up. "It's not surprising for all the big firms – except the one being replaced – to be asked to quote," says Mr Giussani. "However, three is more normal."

It is still not clear which firm, if any, will come out best from the game of musical chairs now taking place. A full picture will not emerge until 1992 or 1993, by which time virtually all of the companies requiring mandatory independent audits will have chosen their partners.

Some think the leading firms will retain roughly their current market shares even though their clients will be different. For example, Arthur Andersen is losing the Fiat audit. But it has gained two of the key names in Italy's public-sector telecommunications industry. Price Waterhouse has lost those two groups, and has won Fiat. Many accountants think the effect of the current merry-go-round will be more evident at local rather than national level. Losing Fiat could lead to a slimmer office for Arthur Andersen in Turin. But gaining the telecoms operators is bound to trigger growth elsewhere.

The current turmoil comes against a wider background of change in Italian accounting following the three-way merger of Arthur Young, Ernst & Whinney and Reconta, which was formerly associated with Touche Ross.

The creation of the new giant means that Arthur Andersen has probably slipped to the second notch, while KPMG, Coopers & Lybrand and Price Waterhouse have been nudged down to joint third.

In spite of competition between the top names, all face a common challenge, in the form of greater assertiveness from Italy's smaller and more recently-established second-tier partnerships. Many of these are playing heavily on their more "Italian" identities in pitching for business.

The debate has become increasingly rancorous following the decision by nine smaller firms to pull out of AssiRevi, the 24-member association linking Italy's main accounting groups. Complaining about domination by the big accountants, the smaller companies set up their own association, AIRE.

Mr Loli says AssiRevi was not a marketing association, but more a group to spread the latest information and keep tabs on the technical quality of auditors. "To have two associations for just 24 accountants is ridiculous," he says.

Chauvinism has lent an unpleasant undertone to the current competition. Some accountants have been arguing that state industries, in particular, should switch their business from the "foreigners" to new, more "Italian," companies.

Partners in the established international auditors scoff at such claims. Most point out that the "international" firms are no less Italian than their new rivals. Some 90 per cent of partners at Price Waterhouse and KPMG in Italy are Italian.

ITALY'S 1981 law on independent auditing affects the following companies:

- Those listed on the Stock Exchange (but not on the secondary market). As some of those concerned are holding companies, independent audits are also sometimes extended to non-quoted subsidiaries.
- Insurance companies.
- Investment companies.
- State-owned groups.
- Publishers.

The number of groups affected by the rule is unclear. One leading accountant suggests 2,500 as a "wild guess." More Italian companies are opting for voluntary certification of their accounts.

They include Italian subsidiaries of multinationals and many non-quoted companies which do much of their business abroad. The list also includes domestic concerns with disproportionately large numbers of shareholders.

Such numbers make an independent audit more desirable for the sake of transparency. The list also includes family-owned concerns where only one member is responsible for day-to-day management.

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A Financial Controller is sought to assist the General Manager in the establishment and building up of the UK business and certain other markets in Western Europe. Duties will be numerous and varied and will include setting up financial controls and procedures, recruiting staff, choosing and implementing a computer system and liaising with manufacturers, distributors and other suppliers. As the company expands, the Financial Controller will take on an increasingly responsible role, with strategy forming a substantial part of his/her duties.

This is a challenging opportunity for a qualified accountant with the desire to succeed in a demanding environment where performance will be rewarded, both financially and with increasing autonomy.

The successful candidate will be offered a basic salary of approximately £35,000 with a car, private health insurance and a pension.

Please write, in confidence, to Kelly Iriondo at the address below, quoting ref SHA 1439.

Stoy Hayward Associates
MANAGEMENT CONSULTANTS, EXECUTIVE RESOURCING, 8 BAKER STREET, LONDON W1M 1DA
FAX No: 071-487 3686
A member of Horwath International

FINANCIAL CONTROLLER

SLOUGH **c £40,000 + Car**

Parc International Limited, a subsidiary company of Kleinwort Benson Group Plc, specialises in the design, implementation and administration of rental programmes for major UK, European and North American suppliers of computer and telecommunications equipment. It currently administers a portfolio in excess of £1.2 billion under such programmes.

As part of a reorganisation of its activities, a Financial Controller is now sought who can take on full responsibility for all the finance and accounting functions of Parc's UK subsidiaries. Reporting to the Operations Director and working alongside a small team of senior managers, the Financial Controller will be expected to make a material contribution to the creation of a business unit capable of supporting the operations of this rapidly expanding group of companies.

The ideal candidate will be a qualified accountant aged between 30-45, be used to operating at a senior management level, be able to demonstrate sound commercial acumen and have proven experience of implementing and operating sophisticated budgeting and financial management systems.

Interested applicants should submit their CV in confidence to Andrew Cameron, Parc International Limited, Edinburgh House, Windsor Road, Slough SL1 2DU.

parc
Managing Change in a Changing World

Finance Director

Industrial Capital Equipment

Plymouth, Devon,

c £32,000, Car, Benefits

The company is a £15m subsidiary of a highly successful billion pound British PLC with international manufacturing and engineering interests.

It manufactures electro-mechanical and electronic capital equipment with many of its products established as market leaders in home and overseas markets.

The technical expertise and commitment to new product development puts the company in a commanding position to increase its already dominant market share.

The responsibilities are to take charge of the full range of financial and company secretarial duties with substantial input into corporate planning.

Great emphasis is placed on the adherence to monthly and quarterly reporting procedures to the parent company, with additional accountability for the formulation of regular reports on profit projections, cash flow forecasts and internal reviews.

You would be given ample scope to work closely with manufacturing and sales and to make a considerable contribution to the wider commercial aspects of the business.

Candidates, likely to be aged 32-45, should be qualified as an accountant, with a proven background in all aspects of financial management in a manufacturing company.

Strong commercial acumen and highly evident interpersonal skills are also necessary to assure maximum job satisfaction and first class career prospects.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *J.W. Conchie*, **Hoggett Bowers plc**, *George V Place, 4 Thames Avenue*, **WINDSOR**, *SL4 1QP*, **0753-850851, Fax: 0753-853339**, *quoting Ref: W20025/FT.*

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR and EUROPE

CHIEF FINANCIAL OFFICER

Small (but growing!) international hi-tech operation

c.£36,000 + car **Bracknell**

The company has a broad geographical spread (with operations in the UK, Europe and the Far East); the product is indisputably hi-tech (the application of computer technology in a specialist sector). Turnover is already in excess of £10 million, but the sector is growing rapidly and the company's technological strength should ensure that it takes full advantage of this growth. At the moment, local financial management is in the hands of decentralised Controllers, but the MD is fully aware of the need for high *calibre professional support in the financial* arena. We are therefore looking for a sharp, commercially oriented qualified accountant to cover the entire field. The Controllers will report direct to this newly appointed Chief Financial Officer, but above all we want someone who can work closely with the MD, giving commercial advice on the one hand and ensuring the most proficient treasury management on the other. Both peer group and culture suggest that mid thirties/early forties will fit most easily, while the hi-tech environment postulates an understanding and a speed of reaction which will have been gained almost inevitably in or around the computer industry. The job holds a set of challenges which will offer immediate and total satisfaction if your mind moves quickly enough; prospects for the future are implicit in the company's proven success in this fast moving sector. Please send full career details, quoting reference WE 0089, to John Langridge, Ward Executive Limited, Academy House, 26-28 Sackville Street, London W1X 2QL. Tel: 071-439 4581.

WARD EXECUTIVE
LIMITED
Executive Search & Selection

Group Financial Controller

Building on Growth
N.W. Home Counties
c £40,000 + car and benefits

A major force in construction materials, the company has a turnover in excess of £200m. Growth is planned to continue through the 1990's both organically and through strategic acquisitions. A Group Financial Controller is to be appointed to work closely with the Finance Director to help build further on the company's current success.

The role will be challenging and wide ranging. At the centre of a widely diversified and multi-divisional group the position will provide the opportunity to work closely with senior management at head office and the divisions. Line management responsibility will be substantial, involving the control of a highly sophisticated, centralized accounts function with eighty staff including financial and management accounting and credit control.

Candidates should be graduate accountants, ideally chartered, in their mid-thirties who have gained extensive senior management experience in a large multi-site industrial group. An ambitious and commercially aware approach, the ability to create and communicate ideas and the skills to take a detail-conscious 'hands-on' approach without losing sight of long-term objectives are all equally essential.

An attractive salary package will be negotiated with the successful candidate. *Prospects for advancement within the group are excellent.*

Please write, enclosing a full CV and salary details quoting ref: E/1060 to Christopher Bainton
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London
SE1 9QL

Price Waterhouse

Controller

North London/Herts Border

c£37,000 + Car

Our client is the market leader in providing a specialist service to Blue Chip clients in the consumer finance industry. Profits have tripled within the last two years and the management team is now reviewing new areas of expansion for the Company.

The recently appointed Finance Director is implementing major changes in his department and now seeks a commercially aware Controller to join his team. The challenging role will include participating in the group financial function and particularly statutory, management reporting and taxation for the UK and for overseas companies. Additionally, there will be close involvement in the development of the use of IT and implementation of MIS in the function.

Candidates should be graduate qualified accountants, aged 27-32, with good technical ability, interpersonal skills, commitment and ambition.

Please telephone or write enclosing a full curriculum vitae quoting ref: 422 to:

Nigel Hopkins FCA,
97 Jermyn Street,
London SW1Y 6JE
Tel: 071-839 4572

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

Group Finance Director

Birmingham

£60,000 + Bonus + S/Opts + Car

Our client is a medium sized UK plc involved in the distribution and service sectors. The Group has grown strongly by acquisition and organically.

Reporting to the board and working closely with the Chairman/Chief Executive you will have responsibility for all aspects of the Group's financial function including statutory and management reporting, taxation, treasury and company secretarial matters. Furthermore the Finance Director will be responsible for ensuring that tight financial controls and disciplines are maintained within the operating divisions.

Candidates should be graduate accountants, age indicator 33-40, with good technical ability, interpersonal skills and a high level of commitment. A divisional line appointment and experience of working in a senior role within a plc is desirable.

Please telephone or write enclosing a full curriculum vitae quoting ref: 423 to:

Nigel Hopkins FCA,
97 Jermyn Street,
London SW1Y 6JE
Tel: 071-839 4572

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

Financial Director

Manufacturing and Distribution

Northern England £30,000+

Our client is a successful and growth-oriented public group. Following a recent reorganisation, they require a Financial Director for a major subsidiary manufacturing and distributing a wide range of high value/high quality industrial materials and products.

The subsidiary, with turnover approaching £20m, is well established and profitable, but requires a high standard of financial control and further systems design and implementation.

Candidates must be qualified accountants with substantial experience in manufacturing industry.

Basic salary will be at least £30,000, plus performance-related bonus, fully-expensed car, and the usual range of benefits associated with a major employer, including relocation assistance where appropriate.

Please write in the first instance with a full cv to Sue Fisher, Personnel Advertising Limited, 30 Farringdon Street, London EC4A 4EA.

PERSONNEL ADVERTISING LIMITED

All replies will be passed to our client unless we are advised of companies to whom you do not wish your cv to be given. Please quote ref. GRS 845.

PQE

S. BUCKS c£27,000+car

Financial Controller

Young, high flying telecommunications company seeks a commercially aware Accountant with directorship aspirations to make a positive contribution to its future growth. Your initial contribution will be in the areas of systems implementation and management reporting development, as well as the day-to-day financial management of an expanding business. Ref: 26245B2

Contact The Manager at 103 High Street, Maidenhead 0628 72932
Or the PQE Specialist advising on this appointment on 071-489 9997

WINDSOR c£27,000

Recently Qualified

Fast track first move from practice is offered by a major computer service corporation which is market leader in its field. This opportunity provides commercial accounting exposure in an international context and features financial accounts, US reporting, consolidations and *results analysis utilising sophisticated Lotus software.* Ref: 66225B3

Contact The Manager at 9 Peascod Street, Windsor 0753 851447
Or the PQE Specialist advising on this appointment on 071-489 9997

LONDON W1 £25,000+car

Newly Qualified

With an international bias, this corporate and real estate investment company offers the opportunity to join in its profitable growth. The role encompasses all aspects of financial and management accounts, as well as assuming responsibility for the administration of the UK Head Office. Benefits include prestige car. Ref: 18009

Contact the PQE Specialist advising on this appointment at 76 Cannon Street EC4 on 071-489 9997

WIMBLEDON c£25,000

Financial Accountant

This company provides state-of-the-art information systems and forms part of an international blue chip with an outstanding reputation for quality. It offers a team opportunity to make your mark in the areas of financial reports, computerised monthly accounting and consolidations and thereafter progress rapidly up the corporate ladder. Ref: 30155A3

Contact The Manager at 5 Wimbledon Bridge SW19 081-947 6271
Or the PQE Specialist advising on this appointment on 071-489 9997

SOUTH COAST c£28,000+car

Group Management Accountant

Major engineering design company, with international network, offers superb opportunity to graduate Accountant. Managing your own department, you will pull together group and subsidiary management accounting, control project budgeting, prepare cash flow projections and contribute to monthly senior management meetings. An outstanding company in a buoyant industry. Ref: 68405C1

Contact The Manager at 133 Queens Road, Brighton 0273 207710
Or the PQE Specialist advising on this appointment on 071-489 9997

W. SUSSEX c£25,000+car

Management Accountant

A PLC, with a turnover in excess of £100M, which is involved in the importation and distribution of motor products, requires 2 Management Accountants to provide weekly and monthly management information. *The positions involve the control of stock and preparation of budgets and* strategic plans. Outstanding benefits! Ref: 581705A5

Contact The Manager at 19 Broadwalk, Crawley 0293 547762
Or the PQE Specialist advising on this appointment on 071-489 9997

CLIENTS!
When you entrust your vacancies to us,
we pay for the advertising.
Phone our PQE Specialists on 071-489 9997
(24 hour answering service)

REED...
accountancy

Accounting for Change

Accountant (Home Office, Forensic Science Service)

Starting salary to £26,910, Central London

In the process of acquiring agency (fee charging) status, the Home Office Forensic Science Service can offer you the challenge of planning and developing innovative financial practices, as well as the supporting management information systems. In addition to your planning role, you will monitor staff training, ensure procedures satisfy set requirements, co-ordinate external reporting requirements and help design an effective management accounting system.

Further details can be obtained from Mr J P Emery, telephone 071-217 8448.

Resources Manager (Home Office, Passport Department)

Starting salary to £26,910, Central London

The Home Office Passport Department will also be acquiring agency status and requires an accountant to develop and implement improved management and accounting systems. You will monitor the collation of management and financial information and provide financial input to operating and corporate planning procedures. You will be responsible for investment appraisal and all other financial procedures; also directing and managing the work of the Budget Support Group; review fees; and participate in reviews aimed at improving efficiency and value for money measures.

Further details can be obtained from Mr N Benger, telephone 071-271 8401.

Head of Accountancy Service Branch (Welsh Office, Industry Department)

Starting salary to £24,075, Cardiff

The Accountancy Service Branch is primarily concerned with the financial appraisal of companies which have applied for government grants. You will be responsible for general management matters, including inputs into the divisional management plan and the maintenance of professional standards. You will be expected to provide accountancy advice to colleagues and senior management in the Industry Department, and to the Welsh Industrial Development Advisory Board, which advises the Secretary of State on applications for Regional Selective Assistance. You will also undertake the financial appraisal of major projects involving meetings with the Secretary of State, negotiations with HM Treasury and applicants themselves.

Further details can be obtained from Mr R C Williams, telephone 0222 823493.

These posts offer attractive benefits, excellent working conditions and competitive salaries. Further increments, related to performance, may be payable to £31,750 in London and £28,710 in Cardiff. Salaries reviewed from 1 August.

You must have a professional Accounting Qualification from one of the CCAB institutes.

For further details and an application form (to be returned by 22 June 1990) write to Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 468551 (answering service operates outside office hours). Please quote ref: G(2)686.

The Civil Service is an equal opportunity employer

Group Finance Director

£50,000 + car + benefits

London

Our client, a privately owned industrial group with a £25m turnover, has enjoyed consistent growth during the last decade. Firmly committed to a policy of complementary acquisitions, each company has considerable autonomy and occupies a high profile in its given sector. The common denominator throughout the group is "quality".

Based at the small corporate headquarters, this new position covers all group accounting, treasury and taxation matters, including involvement in the supervision of existing subsidiaries with a supportive role in the current acquisition programme. The ability to gain the respect of directors at subsidiary level from a position of knowledge and experience is the key to success in this role. It is envisaged that the Group Finance Director would also take responsibility for the co-ordination of personnel policy throughout the group. To this end, a knowledge of pensions would be a considerable advantage. In short our client is looking for an all rounder.

A qualified accountant, it is essential that you can demonstrate a record of achievement in a "quality" manufacturing environment. Stature, meticulous planning skills and industrial experience are imperative. It is therefore unlikely that anyone under 40 will have sufficient breadth of experience to tackle this role.

CLARK WHITEHILL
Search and Selection

Please reply in writing, enclosing a brief CV and daytime telephone number, to David Kennedy, Clark Whitehill Consultants Ltd, 25 New Street Square, London EC4A 3LN. All Applications will be treated in the strictest confidence.

FINANCE CONTROLLER

Package in excess of £30k + car + benefits

St Quintin are well established, highly successful, dynamic Commercial Property Surveyors and Consultants with four UK and two European Offices, employing over 350 people.

We have created the new post of Finance Controller for the Property Management Department based in the City of London.

You will be a graduate in your mid to late thirties with FCA or equivalent qualification and have experience in computerised systems in order to control the financial function of the Property Management Department, *currently collecting rents in excess of £50m per annum.*

The client base is prestigious, and much emphasis is placed on timely and accurate reporting in addition to the yearly collection of rents. A qualified Accounts Manager with a staff of 14 will report to the applicant.

A Wang computer system currently in place is to be replaced probably within 2 years and the successful applicant will be required to fully co-ordinate the change.

For a discussion ring John Boreham on 071-499 8626

**or send detailed CV to:
Pamela Islip, Head of Personnel, St Quintin,
33 Cavendish Square, London W1M 9HE**

St Quintin
CHARTERED SURVEYORS

Project Accountant

C.London c.£32,500 + Car + Benefits

Part of a major UK group, this autonomous consultancy supplies a wide range of computer services to prestigious corporate clients and generates revenue in excess of £50 million.

An opportunity exists to make a significant and immediate impact on this dynamic business, interpreting and advising on financial matters for senior non-accounting personnel. Key projects include the implementation of a standard software package for general ledger, accounts payable and receivables.

This is a pro-active role calling for proven interpersonal, commercial and analytical flair. A *qualified accountant, age c. 30 years, your background* should include experience of spreadsheets and systems implementation. Reflecting the visibility of this position are excellent prospects and many large-company benefits.

Write, with full CV and daytime telephone number, to Patrick Donnelly, quoting reference FT/067.

PD *Consultants*
MANAGEMENT · SELECTION
314/316 Vauxhall Bridge Road, London SW1V 1AA. Tel 071-828 2273.

Finance Director

Construction

c £40,000 + Bonus — Rural East Midlands

Due to internal promotion, highly regarded, privately owned Group with major plans for further expansion seeks ambitious finance professional from the construction industry for this important division.

THE COMPANY

- National construction, design and property Group. Young, fast-growing and profitable.
- Construction accounts for over £100m turnover and is a major contributor to Group profits.
- Specialising in highest quality projects for blue-chip clients. Contract values to over £10m.

THE POSITION

- Finance Director for construction company. Responsible for 50+ staff. Report to Managing Director.
- Key tasks to control and develop regional branch accounting operation and central finance function. Manage rapid growth, both organic and by acquisition.
- Contribute to the strategic development of business.

QUALIFICATIONS

- Qualified accountant with senior level experience in major construction group.
- Real feel for complexity of construction projects.
- Aged 30–40, team player, confident, energetic and ambitious. Overseas and acquisitions experience useful.

Please reply in writing, enclosing full cv,
Reference BJ2198
NBS, Bennetts Court, 6 Bennetts Hill, Birmingham, B2 5ST

N·B SELECTION LTD

BIRMINGHAM · 021-233 4656
LONDON · 071-493 6392 · SLOUGH · 0753 694844
MANCHESTER · 061-905 1458 · GLASGOW · 041-204 4334 · HONG KONG · (HK) 5 217133

Group Chief Accountant

Central London — c £35,000+Car

Our client is a growing international manufacturing PLC committed to an impressive plan of expansion through organic growth and acquisition. In order to continue along the path of growth and development it seeks to recruit a Group Chief Accountant.

The Group Chief Accountant will play an integral part in the management team and will be expected to undertake a key role in acquisitions and development of the group's activities.

Reporting to the Group Financial Director responsibilities will cover both Group Accounts and full company secretarial duties.

Within the Group Accounts function, duties will include developing close liaison with the Group Financial Controller having responsibility for the annual reporting and head office accounting.

The company secretarial duties will include Board business, liaison with registrars, group legal affairs and taxation.

The successful candidate will be a dynamic team player with strong interpersonal skills, will be comfortable in dealing with top management in a commercial environment, and eager to show initiative within the small head office team. Ideally aged 30-35, the candidate will be qualified in a recognised accounting discipline. Opportunities for career progression within the expanding group are excellent.

Interested candidates should telephone **Peter Gerrard on 071-831 2000** or write to him enclosing a curriculum vitae at **Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.**

Michael Page Finance
International Recruitment Consultants

confidential

FINANCIAL ACCOUNTANT

Capitalise on your people management skills

£25K + Car — West Sussex

A major manufacturer of life saving medical equipment, my client commands international recognition for the innovative quality of their products.

This kind of status tells you as much about their professionalism and progressive philosophy as it does about the calibre of their staff. For in this senior position you will need several years post qualification experience in an industrial or commercial environment, although success is dependent on a good deal more than technical ability. Excellent interpersonal and people management skills together with a forward looking and enterprising attitude are less easily defined. But they're seen as fundamental to a role in which you'll be motivating a nine strong team, and working in liaison with the Financial Controller to direct and improve both procedures and automated systems. As well as the preparation of annual statutory accounts, you will have total responsibility for monthly reports to senior management, all central accounting functions and will act as Secretary to the capital budget committee.

To apply write with full CV to Lisa McIntosh, Riley Advertising, Confidential Reply Service, 159 Hammersmith Road, London W6 8BS. Please list separately any companies to whom your details should not be forwarded.

LONDON
BRISTOL
BIRMINGHAM
EDINBURGH
LEEDS

RILEY

GLASGOW
NEWCASTLE
MANCHESTER
NOTTINGHAM
NORWICH

DIRECTOR OF FINANCE

£300 MILLION RETAIL BUSINESS — C£45,000

This is a board appointment within Budgens, the successful supermarket group which operates some 90 stores throughout Southern and Eastern England. Budgens is independent, growing and has a proven trading formula which is based on a combination of carefully chosen sites, product ranges and customer care policies.

Reporting to the Managing Director the role presents the opportunity to significantly influence decision making processes which will have a crucial impact on the Company's future.

Professionally qualified with strong commercial skills, you will lead the team responsible for all aspects of the financial planning, reporting and operations of the Company. A key task will be to establish the highest standards of financial control and develop systems and operational strategies which will lead to measurable improvements in efficiency and provide a clear commercial advantage. There will be a strong functional relationship with the Group Financial Director.

Previous retail experience is desirable and we are particularly interested in candidates who have well developed communication skills and who have direct experience of the management of change. There are key business centres at Ruislip, West London and at Wellingborough, Northants and the work will entail spending time at both locations.

Salary will fully reflect the expertise you can bring to Budgens and there is a range of benefits including BUPA, a car and quality pension and life assurance schemes.

Please write with comprehensive c.v. to Alastair Graham,
Personnel Director, Budgens Stores Ltd, PO Box 9,
Stonefield Way, South Ruislip, Middlesex HA4 0JR.
Tel: 081-422 9511.

Budgens

Finance Director

c. £40,000 + car + bonus
Witham, Essex

Hugh Baird and Sons is one of the leading malt producers in the UK with a long established reputation for quality of product and service. Current turnover is in excess of £30 million with significant plans for future growth. The company is an autonomous subsidiary of Canada Malting Co Ltd, the world's largest producer, which has a substantial presence in Canada and the US.

A commercially minded and business orientated Finance Director is now required to provide key input to business stategy formulation as a member of the senior management team, and to take responsibility for the finance, administration and data processing functions. Reporting to the UK Managing Director the position heads a department of eight staff.

Candidates should be qualified accountants aged 30+ with a high degree of computer literacy and a successful record of financial management, including the development of computerised systems, preferably gained in a processing environment. Experience gained in a similar or related industry would be advantageous, though not essential.

Please send a CV outlining your career to date, including details of your current salary, quoting reference J/1061, to:
Janet Stockton
Executive Selection Division
Price Waterhouse
Management Consultants
1 London Bridge
London SE1 9QL

Price Waterhouse

AIB
Group

NW London
c£18k pa + Benefits
(Pref Mortgage, BUPA etc)

Assistant Manager Financial Accounting

Irish Based International Banking Group

AIB Business Finance, part of the AIB Group, the fastest growing bank in Europe, specialises in providing commercial mortgage and asset finance products to its substantial customer base. The Financial Control function of AIB Business Finance has identified a need for an Assistant Manager within its Financial Accounting Section

Reporting to the Financial Accounting Manager, the successful candidate will initially be responsible for the development of procedures and controls for the section and particularly for the automation of financial reporting.

Applicants should have a number of years experience in an accounting discipline, probably, but not necessarily, in a financial institution. First class PC skills are necessary and a successful record in progressing to a full professional accounting qualification should be evident.

Applications, including a full CV, should be sent to:
Connor O'Daly Esq
Financial Controller
AIB Business Finance
Bankcentre – Britain
Belmont Road
Uxbridge UB8 1SA

Closing date for applications 5 June 1990

Taxation Accountant

c. £25.000 + Car + mortgage subsidy

SALISBURY

Friends Provident is one of the leading life offices in the UK, with assets of around £7 billion and an annual group tax liability of over £50 million.

We have a small, specialist taxation team, based in our prestigious head office in the centre of Salisbury. Following restructuring we are seeking to broaden the department with a Taxation Accountant.

You should be a fully qualified accountant with at least two years' post qualification experience preferably in a commercial or professional tax environment. Equally important are strong analytical and communication skills.

You will be exposed to a wide range of taxation issues, ensuring that the taxation affairs of the company are in order. This will involve the production of tax computations for submission to the UK, Irish and other tax authorities.

In addition to the competitive salary, there is a comprehensive range of insurance sector benefits including a mortgage subsidy scheme, non-contributory pension scheme and a relocation package if appropriate.

Write with full CV including details of current remuneration package to Amanda Alexander, Personnel Manager, Friends Provident, United Kingdom House, Castle Street, Salisbury, SP1 3SH. Telephone (0722) 413366

FRIENDS PROVIDENT

FINANCIAL PLANNING DIRECTOR

London
Age 28-32
£35.000-£45.000 + Car

As part of a leading British multi-national involved in the supply of a wide range of well known consumer products and services, our client is a major subsidiary with a turnover approaching £3 billion from its significant operations in the UK and overseas.

The company is divided up operationally into geographic regions, and it is from one of the London based regions that a need has arisen to appoint a Financial Planning Director to replace the current incumbent who is shortly to be promoted within the Group.

As the Number 1 regional financial person you will report directly to the Regional Vice-President, and be supported by a small staff. In addition to carrying full financial responsibility for the region, you will be involved in a number of purely commercial aspects of the business, and will on occasion deputise for the Regional Vice-President in his absence.

You will be a qualified accountant of graduate calibre who is likely to have experience of working within a large international organisation.

You should possess a commercial, rather than purely technical outlook to finance, be highly credible, and possess strong inter-personal skills. A knowledge of French, Spanish or Portuguese would be desirable, although not mandatory.

Interested individuals who fit the above criteria, should write enclosing a current resumé together with salary details to Peter Flammiger, Director, at FMS, 14 Cork Street, London W1X 1PF.

FMS
FINANCIAL MANAGEMENT SEARCH AND SELECTION SPECIALISTS

MANAGEMENT ACCOUNTANTS CENTRAL LONDON

Up to £26,910 plus benefits and performance-related pay (under review)

Policing London is a major undertaking involving over 43,000 staff and an expenditure of more than £1.2 billion pa. The Metropolitan Police Office incorporates a variety of support services for this immense task: engineering; property management; computing; supplies; catering; finance and personnel management.

The force is seeking to improve its present financial and management accounting methods in order to achieve increased value for money and effective resources.

As a consequence, 2 vacancies have arisen, one in the Finance Department and one in the Chief Engineer's Department, based in the Pimlico area of London. Salaries for both posts are up to £26,910 plus performance related pay.

ASSISTANT DIRECTOR OF FINANCE — FINANCE DEPARTMENT

To manage, develop and improve the Met Police local budget scheme and to oversee the preparation and development of a system for costing police functions.

To prepare new initiatives and systems aimed at further improving the financial management arrangements within the Met Police.

To provide professional advice and line management support to the Project Manager responsible for the introduction of an integrated financial and management accounting system.

PRINCIPAL ACCOUNTANT — CHIEF ENGINEER'S DEPARTMENT

To formulate and develop effective and co-ordinated financial information systems which meet the needs of the department in the fields of transport, communications, operations, and engineering management.

To provide accountancy advice and assistance to the Chief Engineer and departmental line management and to introduce and develop accounting skills within the department.

For both posts you must be a self-starter with good communication skills, and also a qualified accountant preferably with experience of financial and management accounting practices in both the public and private sectors. Knowledge or experience of spreadsheet/general ledger accounting packages would be an advantage.

These posts are permanent but can also be held on a period appointment for up to 5 years.

RELOCATION EXPENSES OF UP TO £5000 MAY BE AVAILABLE.

For further details and an application form (to be returned by 22 June 1990) write to Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 468551 (answering service operates outside office hours).

Please quote ref: G/8438.

An equal opportunity employer

Metropolitan Police Office

A BUSINESS APPROACH

MANAGEMENT ACCOUNTANT

Based South Coast

Our client is a service business with an annual budget of £5 million. They serve a broad and complex range of customers with everything from management consultancy to sophisticated IT support.

As their business has developed so has the need for a Management Accountant to advise the Management team.

In addition to providing financial comment and advice on existing services, this important position will involve a major contribution to the costing, implementation and marketing of new ideas. There is excellent scope for a broader management role for a creative, open minded and diplomatic professional.

A qualified Accountant (only exceptional and experienced, part-qualified candidates would be considered) is needed who can demonstrate a strong character (current management hold some firm ideas) and the ability to provoke change.

Salary is c£23K plus a leased car scheme, generous mortgage subsidy and relocation package to this delightful part of the South Coast, an excellent quality of life plus other benefits.

To discuss the position call Mike Beer at Bartlett Selection on 01-490 1155 (answering service after working hours). Or write to him enclosing a full CV, quoting reference FT0684/MB at Bartlett Selection, 2/3 Charterhouse Square, London EC1M 6BJ.

BARTLETT selection

Bartlett Selection Limited, 2/3 Charterhouse Square, London EC1M 6BJ. Telephone: 01-490 1155. Fax: 01/253 3397.

BUSINESS ANALYST

c.£28K + 2 LITRE CAR + BENEFITS
WEST LONDON

As the main trading subsidiary of the Argyll Group, Safeway plc has grown to be one of Britain's most dynamic food retailers.

We are now seeking a high calibre business professional whose principal responsibilities will be the analysis and interpretation of the Company's performance. Key concerns are gross margin, product performance pricing policy and marketing spend together with the development of management information reports highlighting performance against critical success factors.

You will be given an extensive brief with plenty of scope for ingenuity and imagination. Using sophisticated mainframe and PC based systems you will make wide-ranging recommendations for the future and contribute to the on-going development of the business. Considerable liaison with Senior Executives and Directors will give you a high profile whilst the nature of the overall challenge will provide you with a unique insight into the business.

You will be a qualified accountant or MBA with 2-3 years' commercial experience and first class communication skills. Future career opportunities within both Finance and Business Management are excellent.

Please write with your CV and current salary details to: Mrs P. Taylor, Personnel Manager, Safeway plc, 6 Millington Road, Hayes, Middlesex UB3 4AY. Tel: 081-756 2131.

SAFEWAY

FINANCIAL DIRECTOR (Designate)

We are one of the country's leaders in specialist knitwear design and production driven by our highly successful branded wholesaling and separate retailing companies.

The company has ambitious plans for the future and an enviable track record of profit growth and now seeks to recruit a Financial Director with specific experience over a period of years in the retail sector, preferably in textiles.

The successful applicant will be professionally qualified, computer literate and should be accustomed to operating at Director level. A Board position will be available after a trial period.

A significant package will be offered to attract the right individual.

Situated in a beautiful rural location on the edge of the Lake District, there is an obvious 'quality of life' benefit.

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Apply in writing to: The Personnel Manager, Mark Birkbeck & Co. Ltd., Bridge Mill, Cowan Bridge, Carnforth, Lancashire LA6 2HS.

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Essex c.£25,000 + Car + Benefits

In the modern business environment, the heart of London is not the only place to keep your finger on the pulse. Many major companies are flourishing on the outskirts of town, and none more so than this truly international transport and distribution group, which has its UK Head Office in Essex.

As their business continues to expand, there is an opportunity for a confident and enthusiastic individual to play an integral role in the financial and management accounts function. Diverse responsibilities will range from day-to-day accounting and staff supervision to ad hoc projects and systems enhancement.

A qualified accountant, you will need sound commercial experience and the determination to make a strong impact on the company as a whole. Career prospects are excellent, and an attractive range of benefits includes a company car, pension scheme, free life and accident insurance and generous meal allowance.

Write with full CV and daytime telephone number, to Patrick Donnelly, quoting reference FT/065.

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South West **To £30,000 +Car +Relocation**

This influential general management appointment, as the senior financial member of an autonomous division of a blue chip group, is located in the highly desirable area which borders South Wales and England. The division is engaged in the manufacture, marketing and distribution of consumer goods and has a turnover in excess of £50m.

The successful candidate's primary responsibility will be to exercise strict financial control in a wide ranging and developing business. Particular emphasis is to be placed on timely and accurate management information and accounts, systems development matters, budgets and strategic plans and the provision of sound financial guidance to operational management.

Applications are invited from proactive, ambitious and academically sound qualified accountants, ideally aged 28-40, who can demonstrate strong technical flair, computer development and implementation experience, proven staff management ability and a record of achievement in substantial commercial organisations.

For further information on this outstanding career appointment in a dynamic and profitable organisation, please contact **Malcolm J. Hudson.**

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ACCOUNTANCY/MEMBERSHIP ADMINISTRATOR
SALARY £23-25 K.

The National Childbirth Trust is the leading charity concerned for the welfare of families during pregnancy, childbirth and early childhood. It is a national organisation with more than 350 branches and with a strong and growing national membership.

Head Office provides a communication and administrative focus with computer facilities for accounting and membership administration. An accountant is now required to manage these functions which involve the production of monthly management accounts and annual accounts and the control of membership records. The appointee will work alongside, and take over responsibility from, the present accountant.

Candidates, ideally qualified, should be able to demonstrate some basic computer awareness, although formal training will be arranged on the particular systems in use. Personal attributes looked for will include a methodical and structured approach to administrative procedures, the ability to control staff, and maturity and diplomacy in working with volunteer officers.

Pleasant offices at Acton are conveniently located for the Piccadilly and District Lines and for the M4.

The Trust offers generous terms of employment and enlightened conditions; it is working towards being an equal opportunities employer.

Write with CV for the personal attention of:
Suzanne Dobson
National Childbirth Trust
Alexandra House
Oldham Terrace
Acton W3 6NH

General Practice Partner Designate

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Maidment Penney Quick is a dynamic 3 partner firm of Chartered Accountants proud of its achievement of significant expansion in the last decade. A developed network of professional associates in France, Holland, Belgium, Switzerland and West Germany, and a fully computer-networked office highlight the forward thinking nature of the firm. In order to ensure that the 1990's are as successful as the 1980's they are now keen to expand their partnership base.

The successful candidate will play a key role in the development of the London office with an immediate responsibility for a growing portfolio of client work. There will also be the opportunity to gain experience in special work including raising finance, start-ups and computer consultancy. Short overseas assignments are a possibility, particularly for a candidate who has a foreign language facility.

The ideal applicant must be a qualified ACA, preferably aged 28-35 with strong commercial and presentation skills and an appreciation of how to deal with a wide range of clients. Above all he/she must have a solid knowledge of all aspects of general practice work together with the vision and creativity to contribute positively to the partnership and its development from day one.

The reward for this contribution will be full partnership status in the short term.

For further information, please contact the advising consultant JEFF DAVIES on 071 404 3155 (Days) or 081 979 8140 (Eves), alternatively write to him at Alderwick Peachell & Partners, 125 High Holborn, London WC1V 6QA. Fax 071 404 0140 (Rec Cons).

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COMPANY ACCOUNTANT
STOCKBROKING

Age range 26 to 30 **Salary base c£25,000**

Our client, South China Securities (UK) Ltd is the recently established (January 1990) European stockbroking subsidiary of the Hong Kong based South China Group. Its business is that of European-wide Far East equity sales to institutions, a foundation from which it will be expanding steadily in the foreseeable future. This is an attractive opportunity to join a small team of 4 founder members and create a successful personal career path.

The accountant will be required to provide a financial and management accounting service, act as company secretary and manage administration. For the time being all settlements services and client accounts are run by Hong Kong but candidates should have sufficient basic back-office knowledge to take this on, when volumes and diversifications justify. The accountant will provide also all regulatory (TSA) and statutory reporting information and manage such compliance duties as are necessary. Professional accounting qualifications are an advantage, but with suitable experience may not be compulsory. Salary, benefits and bonuses are open to discussion within reason. Please forward a full CV to Terry Fuller quoting reference (0128):

Kidsons Impey Search & Selection Ltd, 29 Pall Mall London SW1Y 5LP Tel: 071-321 0336 Fax: 071-976 1116

KIDSONS·IMPEY

Financial Controller
Fulham £28,000 - £33,000

Gomark is a rapidly expanding company specialising in the marketing and distribution of computer products for the Apple Macintosh™. Key to future growth is the recruitment of a senior financial manager.

Ambitious growth targets will make the role both extremely varied and challenging. Initially the focus will be on the design and implementation of the necessary financial controls and reporting systems appropriate to the business. Thereafter, responsibilities will include close liaison with the other senior managers to appraise internal investment proposals and plan for the successful achievement of growth targets.

Candidates should be qualified accountants with experience of using computer based systems to manage accounts in a small company. We are looking for an innovative person with a high level of commitment to achieving objectives.

The remuneration package will include a car and the opportunity to share in the success of the business. Interested applicants should write to the General Manager, enclosing full CV and salary details, at:

Gomark Limited, Unit 10, Hurlingham Business Park, Sulivan Road, London SW6 3DU.

DEPUTY TO CHIEF ACCOUNTANT

The Worshipful Company of Leathersellers is creating a new post of Deputy to the Chief Accountant for appointment in the Autumn. Applicants aged 40-50 need not necessarily be C.A.'s but must possess relevant Accountancy qualifications. Expertise in data processing and V.A.T. essential, plus good commercial background.

Benefits include free lunches, Season Ticket loan, opportunity to join Pension and Medical Schemes. Office hours 9.30 - 5.00. Salary circa £25.000. Applications with full C.V. by 29th June to:-

The Clerk,
The Leathersellers' Company,
15 St. Helen's Place,
London EC3A 6DQ

FINANCIAL DIRECTOR

Rapidly expanding printing group, located in the East of London, requires a fully experienced and qualified Financial Director, to take overall responsibility for all aspects of the groups day to day computorised accounting systems and to be involved in future growth plans.

Applications and C.V.'s to: Mr M. Cartin
Managing Director
Wood Printing Group Ltd
Unit 5
Portland Commercial Estate
Ripple Road (A13)
Barking Essex

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